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Articles

U.S. Presidential Prospects

By Conrad Joyner

Nowadays it is generally accepted that the election of the President of the United States is no longer a private concern of Americans. The reasons for this are fairly obvious. Because of the present state of the world and the place that the United States occupies in world affairs, the economic, social, and political policies of the United States influence the every-day lives of most citizens of the Western World. The increased importance of the President has been the motivation for this present article on American policy during a presidential election year. Before entering upon a discussion of issues and personalities, there are several general points which should be made about U.S. politics but which are often neglected. This introductory material is not intended to furnish any ready-made answers to the problems involved in understanding U.S. politics, but I hope that it contains some questions which are worth asking and some suggestions towards answering the questions raised.

Foreign and U.S. observers frequently say that American politics are blurred, confused and contradictory. Many go so far as to say that the difference in American political parties is that of "tweedle dee and tweedle dum." There is a degree of truth in both of these statements, and during a presidential election year the mysteries of the American political process become even more difficult to fathom. One of the commonest complaints is that it is difficult to get a coherent and consistent statement of Government policy during election years; in fact, some think that this is the greatest fault of U.S. government regardless of whether there happens to be a presidential election in the offing. It also must be admitted that major political decisions are forestalled during an election year if it is at all feasible.

The absence of a coherent and consistent policy can be rather easily explained. It is simply a case of playing the political game, i.e., the Federal Administration is attempting to secure voter endorsement. This is the situation even when the President is not a candidate for re-election, because if the President is not a candidate his record is—the President's political party runs on the President's achievements. Since the President's record and programme are major points of departure in any presidential campaign, it is particularly important for the sitting President to appeal to as many groups of voters as is possible. In a diverse and pluralistic society like that of the U.S. it is extremely difficult for any President to retain national support without being inconsistent. Enough backing to become

and remain President can only be secured if the man in question is willing to emphasise one aspect of his programme to certain groups and other aspects to different groups. He must also be prepared to make promises to one group that appear to directly contradict promises which he has made to other groups, but these are only the facts of political activity.

The lack of decision-making in a Presidential election year is not so easily understood as is the inconsistency with respect to policy. For those living under a parliamentary form of government it is particularly difficult to comprehend. But it is highly rational and understandable in terms of what has just been said. In an election year the organs of mass opinion are more than ever focused on the President, and any decision that he makes is subject to the greatest public scrutiny. Because of this the President is reluctant to make any decision that might alienate a significant block of voters. By remaining silent or indecisive the President can probably be confident that he will not lose as many votes as he would if he made an unpopular decision.

The problems of a sitting President in matters of policy decisions can be illustrated by reference to two problems which confront President Eisenhower during 1956. These two problems are U.S. policy in the Middle East, and the attitude of the Eisenhower Administration towards agricultural parity price supports. With respect to the Middle East there have been contradictory statements made by high officials in the Eisenhower Administration, and the President has done little to correct the contradictions. He has remained silent in hopes that he will not offend any groups within the U.S. who have strong opinions on the question. Of course, there are external considerations which enter the picture, but it is equally correct to say that the major factor which has led to Eisenhower's indecision is that he, directly or indirectly, does not want to be placed in the position of being vulnerable to opposition criticism. Thus far the President has been able to avoid any major policy decision, and unless there are developments which demand immediate action, e.g., full-scale war, the President will defer all decisions until after the November election. Naturally, he will not ignore this area, but he will attempt to phrase his comments in such a way as to appeal to all and offend none.

On the domestic scene the farm problem is one which has given the President much concern. Agricultural income is down, and the farmers have demanded action. Congress has passed legislation, a return to 90% of parity, which is a repudiation of Eisenhower policy of flexible parity. The President vetoed the legislation, and, therefore, the problem has been returned to Congress. The President's veto appears to have been a decision and to a limited extent it was, but it leaves the President in the position of being able to tell the farmers that he requested legislation which would correct their plight but that Congress would not pass it. (This is based on the assumption that Congress will not pass another farm bill before November.) Eisenhower has been forced to make more of a decision on the farm problem than he has on the Middle East; however, his veto of

the farm bill shows that he is hoping that he can defer making a decision on the agricultural problem until after the election.

By saying that the President postpones decisions I do not mean to imply that U.S. government comes to a halt during an election. Rather, it is the decisions which might have an adverse effect on the President's chances for re-election that are avoided, and even in these cases the President, as the agricultural situation reveals, will make decisions when necessary. If this disturbs people, they should direct their criticism towards the presidential system which makes it appear as though the way to get re-elected is to avoid making decisions which could result in losing votes. President Eisenhower or any other President is limited to some extent by the realities of the system in which he finds himself.

Something which is more difficult to explain than inconsistent policies or lack of decision-making during a presidential year are the differences which exist between American political parties. One question which is invariably asked about U.S. politics is: "Truthfully now, it does not make a great deal of difference who is elected, both parties are just about the same, aren't they?" This question implies that the difference in American political parties are those of "tweedle dee and tweedle dum." It is certainly an over-simplification, but it is more correct to say this than to maintain that there is an ideological difference between the major U.S. parties. There are still Fabian socialists in the Democratic party, and there are plenty of followers, at least in theory, of Herbert Spencer in the Republican party. However, the right wing of the Republican party and the left wing of the Democratic party are an ever-decreasing minority. More and more the centrists of both parties are gaining control. In order to demonstrate how close the Republicans and Democrats are one only has to compare the campaign utterances of Eisenhower and Stevenson during the 1952 presidential election campaign. Despite this similarity of Eisenhower and Stevenson's policies, there continues to be bitter and deep-seated differences on particular issues. It is not always Democrat v. Republican, and this is unimportant. The important fact is that political controversy is still an integral portion of the American democracy. Furthermore, it is not correct to say that these controversies, which are more likely to be questions of means, are of no significance when what one really means is that there are no real ideological conflicts. For example, there have been heated debates in the U.S. recently on the extension of social services benefits and increased public housing. The significant things to note about these debates are that there was no important group arguing that social services or public housing should be curtailed, and, on the other hand, there was no group arguing that the areas under social services should be expanded to include maternity benefits or free drugs, and no one advocated that the majority of U.S. housing should be carried on by the government. In short, the participants in these debates were arguing over how much more should be expended in the general areas already covered. The legislation which

resulted from this effected countless people, and because of this it was important.

To say that there are no differences among U.S. political parties also ignores the fact that when the Democrat and Republican goals are defined one finds that the Democrats are a little left of centre and that the Republicans are a little right of centre. To the European and Australian who is used to clear-cut party divisions the distinction between one who is a "little to the left" or a "little to the right" probably seems humorous and of little significance. Also, this distinction partially explains why the foreigner finds it so hard to understand American politics. In the past four years the absence of ideological disagreement and the general move towards the centre have been the subjects of much discussion by political analysts within the U.S. Professor William G. Carleton in an article in *Harper's Magazine* in April, 1955, "The Triumph of the Moderates," pointed out that we have been witnessing the American political system coping with a major historical adjustment. The U.S., according to Professor Carleton, is now in the process of assimilating the Roosevelt New Deal and adjusting to the mixed economy which has been developing since the turn of the century. The change which has been taking place has been a move to the centre, hence, "The Triumph of the Moderates." This orientation of American politics along the path of moderation has taken place *within* the major parties, and this means that there have been no open breaks which were of an irreconcilable nature. Thus, the extremists of the right and left have failed, and American, unlike other political democracies, has not accepted an exaggerated welfare state nor has it been the victim of the reactionary conservatives.

Samuel Lubell in a book which has just been published this year, *The Revolt of the Moderates*, asks whether moderation, which he calls a "fusion of economic interests," is going to destroy the two-party system. Also, Lubell says that this possibility of the moderates destroying the two-party system raises the obvious question as to what is going to happen to the immoderates. These questions are important, but they need not detain us for the destruction of the two-party system does not appear to be an immediate possibility. But the point which I would like to make concerning these questions is that implicit in them is the fact that the U.S. has moved towards a centrist's position. In other words, Lubell reaffirms Professor Carleton's conclusion that the moderates are the people determining U.S. policy. Thus, if American politics are placed in the perspective of American experience, they can be more easily understood even if one does not agree with the direction in which they are tending.

So far, then, I have attempted to make the following points concerning American politics. Firstly, during a presidential election because of the necessity of appealing to so many and such diverse groups of voters, the President is reluctant to make any policy decisions which could be used as campaign material by his opposition and thereby serve to alienate voters.

Secondly, political utterances during an election year by the President are apt to be inconsistent because of the desire to appeal to as many groups of voters as is possible. Thirdly, there is no significant ideological difference between the philosophies of the two major parties. Fourthly, not only are there no ideological differences, but both parties appear to have moved to a centrist position with the moderates of each party in control. As I stated in the beginning, these points are intended to aid in the understanding of American politics during this presidential election year. They are not final, nor are they all of the points that can be made, nonetheless, they are aspects of American politics which are often neglected, and because of this the non-American gets a distorted picture of U.S. politics.

The national party political conventions are of immediate and particular importance to any discussion of presidential prospects for they are the institutions which draft the party platform and select the party's presidential and vice-presidential candidates. In effect these national conventions serve as a "holding company" for the various State parties. The major party conventions consist of representatives, roughly on the basis of population and party strength, from each of the State parties. State parties select their representatives or delegates to the national conventions by one of two methods: (a) a State convention which consists of elected representatives of the State party; or (b) a State party primary at which the State party members select delegates to the national convention and advise their delegates to vote for a particular aspirant.¹ Since most delegates are selected by State conventions, most of those attending are generally classified as "uninstructed." There are approximately eleven hundred delegates with full voting rights at each of the major party conventions. They select their party's presidential candidate by a simple majority vote, and write the party platform. Because of the number of delegates and the length of time they meet, about ten days or two weeks, national conventions have been called "national circuses." With bands blaring, parades, and all of the other methods used to attract attention, there is a certain amount of the circus atmosphere surrounding the conventions, but at the same time it must be remembered that they are the highest body in either of the two major U.S. political parties. In connection with the national conventions it should be stated that the more populous States of New York, Pennsylvania, California, Illinois, and Ohio are the key States in determining who will be selected. These States occupy that rôle because collectively they possess over three hundred delegates, and three hundred is half the number needed to select a candidate.

This year the main interest is centred on the Democratic party's convention. The reason for this is that the presidential and vice-presidential selections of the Republican party will more than likely be a repetition of 1952. President Eisenhower announced that he would seek the Republican

1. In the States that have primaries there are important variations from State-to-State, but it is impossible to discuss these in a general article. Also, the majority of States still use the Convention method of selecting delegates to a national Convention.

party selection almost immediately after his doctors gave him the green light, and his desire for the selection is tantamount to his receiving it. This is so because it would be a repudiation of their own policy if the Republicans did not re-select Eisenhower. Moreover, Eisenhower's popularity is still high, and the Republicans have no one to match him in popular appeal. There is less certainty that Nixon will receive the Republican vice-presidential selection, but President Eisenhower has indicated that he has no objection to Nixon as a running mate. The President said: "I am very happy that Dick Nixon is my friend. I would be happy to be on any political ticket in which I was a candidate with him." Now, if these words aren't plain, then it is merely because people can't understand the plain, unvarnished truth." Subsequent to Eisenhower's statement Nixon announced his intention of seeking the Republican vice-presidential selection again, and the President told newsmen that he was "delighted" by Nixon's decision. Although many members of the Republican party consider Nixon to be a political liability, Eisenhower's strong and open backing seems to be more than enough to insure Nixon's being a candidate. Aside from his enemies within the Republican party, Nixon has been a favourite target for Democratic criticism. The Democrats attack the Vice-President as a McCarthy with "white gloves." The critics of Nixon in both parties contend that he is a political opportunist and has little or no ability in affairs of State. Some of the attacks on Nixon stem from the fact that the Democrats find it politically detrimental to attack the ever-popular President. Nixon, as second in command, becomes a substitute for criticism that would otherwise be levelled at the President. The Vice-President responds to the Democratic criticism by sharp personal attacks, something Eisenhower has not done; on many top Democrats, particularly Stevenson, this makes the Vice-President "fair game" for the Democrats.

The Republicans who consider Nixon a liability base their feelings on the fact that Nixon has been and continues to be vulnerable to Democratic propaganda. Because of this, these anti-Nixon Republicans argue that the party's chances of securing re-election would be much greater with a fresh candidate who was not so susceptible to the Democratic animadversions. This anti-Nixon group also is afraid that the President's health will cause the voters to give serious consideration to the Republican party's vice-presidential candidate, and they maintain that if the voters do this they may reject the Republican party and Eisenhower because they do not like Nixon as a possible President. These are the avowed reasons for not selecting Nixon, but they are most probably a cover for the real objections. That is, in the event of Eisenhower's being unable to complete another four-year term Nixon would be in an excellent position to secure the 1960 Republican presidential selection, and even if Eisenhower serves the entire four years Nixon would certainly still be in a good position to gain the 1960 selection. These are unpleasant thoughts to those Republicans who have designs on the 1960 Republican selection, and even some who have no presidential

aspirations dislike to think that the party would be committed to selecting Nixon in 1960.

With the presidential and vice-presidential selection almost sure to go to Eisenhower and Nixon and only minor problems with regard to the party platform, the 1956 Republican Convention should have an easy task. Thus, the Republicans can give their undivided attention to the winning of the November elections. The Democrats, on the other hand, are not in such a fortunate position. There exists a wide-open battle for the Democratic presidential and vice-presidential selections, and there is every indication that there will be serious strife and a possible party split over the segregation plank of the party's platform. This latter problem could result in a split much like the one which occurred in 1948 when the delegates of the thirteen southern States left the national Democratic Convention and held their own "Dixiecrat" convention in which they selected presidential and vice-presidential candidates who were pledged to uphold white supremacy. Gradually these 1948 dissidents have returned to the National Democratic party, but the recent Supreme Court decision holding segregation in education to be a breach of the Constitution portends another rupture. The northern Democrats, partially out of conviction and partially out of the desire to win the Negro vote, are insisting that their party should continue to lower the segregation bars, while the southern Democrats have already indicated that they will use every legal means at their disposal to circumvent the Supreme Court decision—eighty-nine southern Congressmen have signed a pledge to this effect. These points of view are mutually incompatible, and they will be brought into direct contact when the national Democratic Convention attempts to draft a segregation plank for its party's platform. There is a possibility that a segregation plank could be drafted in general terms so as not to antagonize the southern delegates and yet satisfy the northern anti-segregationists; however, the possibility of drafting such a plank will depend upon the general temper of the convention. If there is a compromise in the air there will probably be no major dispute, but if the southerners should receive any serious setbacks from any source before the Convention meets, there is every prospect of their insisting that the Democratic party take a stand which would be in sympathy with the segregation position if not with segregation itself.

The biggest problems over segregation in the Democratic Convention will probably result in the actual choice of presidential and vice-presidential candidates. This is because the southerners want to make sure that any Democratic candidate chosen would not take an aggressive anti-segregation stand in the event that he was elected President. Because there are only thirteen southern States and because the country as a whole is suspect of any southerner due to the traditional attitude of the South on segregation, there is little chance that a southerner could secure the Democratic selection for President. But a southerner might be chosen as the vice-presidential candidate. In 1952 the Democrats selected Alabama's Senator John Spark-

man, who ran on the white supremacy ballot, as Stevenson's running mate in order to placate the southern Democrats. Most Democrats would probably like to avoid a repetition of the 1948 split, and if there is some "honorable way" to do it, such as selecting a southern vice-presidential candidate, they will compromise their differences of opinion on segregation. As I have tried to point out, it seems as though it will be difficult to find an "honorable way." The South is engaged in a "last ditch" fight in order to maintain white supremacy, and, therefore, southern Democrats are not in a position to do a great deal of compromising. On the other hand, the non-southern and anti-segregation delegates to the national Democratic Convention can take comfort in the fact that Harry Truman won the 1948 election even though the southerners left the Democratic Convention and some southern States voted "Dixiecrat." Regardless of what finally takes place, this impending crisis in the Democratic party is something which affects all of the various men who are aspiring to gain the Democratic selection, and due to this the stand of the presidential aspirants on segregation must be taken into account when evaluating an individual's chances of becoming the Democratic candidate.

The segregation issue will be a hot one for the Democratic Convention, but the Convention's main problem will be to choose a man who can defeat President Eisenhower. This desire to secure a candidate who can beat the President is one of the reasons why the Democratic Convention is wide open to all of the many Democrats who want their party's selection. There are several other factors which make the Democratic race one in which any horse might win. Stevenson has not proved to be the leader of the party that most thought he would be, and, in fact, Harry Truman still leads the Democrats. Truman is not an avowed candidate for the Democratic selection, but he has not announced in favour of anyone, although he has appeared to lean to one man or another at various times during the past year. Another factor which has worked against Stevenson and forced the Democrats to consider a variety of men is that U.S. Senator from Tennessee Estes Kefauver has beaten Stevenson in several primaries, most important was Kefauver's two to one victory in the Minnesota primary. The amazing thing about Kefauver's primary victories is that they have been achieved without much backing from the Democratic organization. Kefauver is considered to be too much of a lone wolf for most professional Democratic politicians. Eventually Kefauver must gain the support of some of the Democratic organizations if he is going to secure the Democratic selection. The reason for this is that he cannot win enough delegates through primaries to make sure that the Convention will possess a majority of Kefauver supporters. Nonetheless, Kefauver by defeating Stevenson in the State primaries has demonstrated that he is popular with the rank and file of the party. Also, these Stevenson-Kefauver battles have served as an encouragement to other candidates who hope to win the selection if there is a deadlock in the Convention between Stevenson and Kefauver.

Averell Harriman, Governor of New York and long-time foreign affairs adviser to Roosevelt and Truman, probably has the best chance of gaining the Democratic selection if the Convention does not choose Stevenson or Kefauver on the early ballots. Harriman first entered the electoral side of politics in 1954 when he defeated Franklin D. Roosevelt, Jr., for the Democratic selection to run for Governor of New York State. After easily beating young Roosevelt, Harriman went on to defeat his Republican opponent, U.S. Senator Irving Ives, by 12,000 votes. Since being elected to the New York Governorship Harriman has been a constant critic of his Republican predecessor, Thomas E. Dewey, and he has been outspoken on national issues as well. Much of Harriman's recent success in New York politics can be credited to aid which he has received from Tammany Hall (New York City Democratic political organization) leader Carmine De Sapio. It is now evident that De Sapio is doing his best to get Stevenson chosen as the Democratic candidate, but there has been no public indication from Harriman that he wants the selection. Even though Harriman remains quiet about his presidential aspirations he will control New York's delegation which will be the largest delegation at the national Democratic Convention. By remaining aloof and not publicly stating his aims, Harriman has been able to avoid primary battles. It looks like the Harriman strategy is to let Kefauver and Stevenson kill each other off in the primaries, thus making himself appear to be a better choice than either Stevenson or Kefauver.

Although Harriman has been coy about his intentions, he has been carrying on an arduous schedule of speech-making and general politicking. In view of the Stevenson-Kefauver battle, Harriman must be considered as a distinct possibility to gain the Democratic selection. Harriman possesses experience in foreign affairs, and as Governor of New York he is now the political administrative head of the second biggest governmental unit in the U.S. By virtue of his liberal record Harriman stands well with Labor, and because he is a successful businessman he is less objectionable to the business community than many Democrats. Since Harriman's chances depend on a Stevenson-Kefauver deadlock, he must receive the delegates of either to gain the selection. There is a good possibility that in the event of a deadlock Stevenson would throw his delegates to Harriman in order to stop Kefauver. No matter how much support Harriman gets, any move to select him will be met by strong opposition from the southern delegates who fear Harriman's anti-segregation policies in New York State would be transferred to the Federal government. Harriman is so outspoken in his anti-segregation views that the southern delegates would probably leave the Convention and select their own candidates if he were nominated.

Harriman's chances of achieving the Democratic selection appear to be rather good, but there is much to indicate that either Stevenson or Kefauver will be selected before a deadlock is reached. Stevenson is still popular as the vote in the Illinois primary indicates. Kefauver was not a

candidate in the Illinois primary, but the size of the Stevenson vote must be considered as a sign that all of the party rank and file are not dissatisfied with their 1952 candidate. Also, it must be remembered that Stevenson was the Democratic candidate for President only four years ago, and that because of this he must be given the first place among the Democratic aspirants. Kefauver won many primary victories in 1952, but this did not prevent the party from selecting Stevenson. Furthermore, the early 1956 Kefauver primary victories in Minnesota and New Hampshire have stimulated Stevenson to enter upon a more vigorous campaign for delegates, and there is a possibility that Stevenson could overcome the early Kefauver advantage by making a good showing in the May 29 Florida State primary. Despite the fact that Stevenson's chances do not appear to be too bleak, there is much talk that he has gone stale and that his ready wit is no match for the down-to-earth appeal of Eisenhower. Stevenson is also unacceptable to the southerners who fear that he would be much the same as Harriman when it came to segregation.

The very things which Stevenson appears to lack are those which Kefauver is said to possess in abundance. With his rustic appeal and folksy handshake, Kefauver is considered to be one of the "people." Combined with this down-to-earth appeal is the fact that Kefauver is a fresh personality. As Chairman of the Senate Committee which investigated the connection between crime and politics, Kefauver became highly popular with the nation via television. He brought the nation's top criminals before his committee, and this enabled him to give lectures on the immorality of criminals and also the immorality that exists in politics. And it has always been popular in the U.S. to be against immoral criminals and immoral politicians. In spite of his popular appeal, Kefauver has been unable to gain the backing of the Democratic professionals. He has the reputation of being too independent, and this is something that the professionals do not particularly like when it comes to Presidential candidates. It is also argued that he has done nothing to prove that he would be a competent administrator. Although he was not one of the eighty-nine Congressmen who signed the pledge to use every legal means to circumvent the Supreme Court's segregation decision, Kefauver is considered "safe" on the race issue by southerners. Kefauver's hope for securing the Democratic selection appears to be that he will be the overwhelming choice of the rank and file of the party, thus he will be able to force the Convention to accept him.

Former President Truman will probably play a big part in the selection of the Democratic candidate, and there are those who even suggest that Truman is in a position to name the candidate. Even though the exact strength of Truman remains unknown, it is probably correct to assume that his support would be enough to give the selection to either of the three men discussed thus far. From all accounts the former President is opposed to Kefauver and is undecided between Harriman and Stevenson. There is the possibility that Truman, in the name of party harmony, would accept a Convention draft. The more likely possibility seems to be that he

will throw his support behind Stevenson in the early stages of the Convention if it appears as though Kefauver could win. If there is no danger of Kefauver's gaining the ballot, Truman will probably let the Convention follow its own course, intervening only if there is a deadlock.

Another Democratic aspirant who must be ranked somewhere near the top is U.S. Senator from Missouri Stuart Symington. Symington is a moderate and is not outspoken on the segregation issue. In the event that the segregation v. anti-segregation battle deadlocks the Convention he could be a compromise candidate. Symington was the first Secretary of the Air Force, and he is generally recognized as having been a good administrator. He, however, lacks any significant pre-Convention support, and his chances depend upon what happens in the Convention.

Further back in the ranks of possible Democratic presidential candidates is Governor Robert Meyner of New Jersey. He is the first Democrat to hold this office since the New Deal. Other darker horses are U.S. Senator Lyndon Johnson from Texas and Ohio's Governor Frank Lausche. Governor Meyner has made a good record in New Jersey by cleaning up corruption and reorganizing State finances. There are, however, serious drawbacks to his receiving the selection as he is relatively unknown outside his own State, and also he lacks governmental experience. Senator Lyndon Johnson as Democratic Majority Leader in the Senate has proved himself to be an able conciliator of the various Democratic Congressional factions, and this has given him a high position in the eyes of the Democratic organization. But Johnson's chances of gaining the selection are greatly diminished because he recently had a heart attack, and if he were the Democratic candidate against Eisenhower his party would be robbed of the health issue. The third man among the darker horses, Governor Frank Lausche of Ohio, has been Governor of his State for five terms and a greater vote-getter than the late Ohio Senator Robert Taft. Lausche has two disadvantages: he is opposed to aggressive labor, and he is a Roman Catholic. The reason his being a Roman Catholic is a drawback is due to the feeling, which has resulted from Roman Catholic Al Smith's defeat in 1928, that no Catholic can be elected President. Of course, there are others who could conceivably win the Democratic selection, but the men I have discussed seem to be the most likely contenders for the selection.

Regardless of whether there is a split in the Democratic party and irrespective of whom the Democrats select, President Eisenhower's prospects of being re-elected are excellent. This is the case even in the face of the criticism that has been made of the Eisenhower-Dulles foreign policy, and the possibility that the Republicans might lose some of the farm vote. In foreign affairs much of the Democratic criticism of the Eisenhower policy falls on deaf ears, and this is because many realize that the Eisenhower approach is not significantly different from that of the previous policy of Truman and Acheson. Moreover, there is an absence of hostilities, and this will be a potent talking point for Republican spokesmen. The Democrats have charged that the West is losing the cold war and that the U.S.

is bankrupt of leadership in foreign affairs, but these arguments will have little effect on the voter owing to general U.S. prosperity and relative world peace. The Republicans counter the Democrats' criticism of the conduct of U.S. foreign affairs by saying that the Democrats are not offering any specific alternatives. In general, then, it can be concluded that the American public is not dissatisfied enough with the Republican foreign policy to vote against Eisenhower on the basis of this issue.

The generally prosperous state of the U.S. economy will be a big aid to the Republicans, but there is a possibility that the powerful farm vote will desert the Republicans. If the farmers do vote for the Democratic candidate it will be because farm income is low, and the farmers can see no possibility of it rising under a Republican President. Reports from the farm States indicate that these traditional Republican strongholds are dissatisfied, but this does not mean they are prepared to vote for the Democrats. Since the Republican majority was so large in 1952 it would take a decided swing in the farm vote to defeat a Republican candidate.

Even if the farm vote remains solidly Republican or only swings slightly to the Democrats, there is every reason to believe that the Republican total vote will not be as great as it was in 1952. This is partially based on the assumption that Labor will not vote Republican to the extent that it did in 1952. Also, the President's heart attack will influence some 1952 Republican voters to switch to the Democratic candidate. Those who see little difference between the policies of the two major parties will probably be influenced by the health issue. There are several factors which should offset the decline in the Republican vote that might result from a swing in the farm vote and a loss of votes due to the health of the President. The first offsetting factor is that the Negro vote shows every sign of voting Republican because of the Supreme Court's decision and the general anti-segregation policy of Eisenhower. The second factor which could aid the Republicans is any split in the Democratic party which might result from the segregation issue. In the event of a serious split the South would probably vote "Dixiecrat."

In concluding this discussion of U.S. politics during an election year, I hope that it is clear in what I have said that the November election will not be the signal for any drastic alteration in U.S. domestic or foreign policy. In the absence of any major crisis the U.S. will pursue what is *in terms of U.S. experience* a policy of moderation. This policy may not be the wisest, but it is the one which springs from the workings of the pluralistic American society. U.S. policy will certainly not satisfy those inside and outside of America who yearn for a clear-cut programme. American policy, although not so blurred and confused as U.S. society, shows little sign of becoming more clearly defined as a result of the forthcoming national political conventions and the presidential elections, and if nothing else can be said for this state of affairs it is that it seems to preclude an extremist position.

The Post-War Recovery of France

By Paul Brenac

PART I: THE PRESENT SITUATION OF THE FRENCH ECONOMY

INTRODUCTION

In this first part we will not be concerned, so much, with the growth of the French Economy in post-war years, but, as the title suggests, with a description of its present situation. For the purposes of background, however, we can state, very briefly, that the French economy was characterized by expansion with rapid inflation from the end of the war till 1952, which was a year of relative stagnation, with a slight depressive tendency showing itself, in common with the rest of the world. 1953 and 1954 were years of expansion with price and monetary stability, something which the French Economy had ceased to know.

With this brief outline in mind we will discuss in greater detail, under a number of different headings, present trends of the French Economy, avoiding, as much as possible, the use of a mass of statistics, we will content ourselves with a general description. The second part will be concerned with the analysis of the process of growth itself, taking into account related factors which generally are excluded from the field of pure economics and which we will exclude from this first part.¹ We now proceed with our discussion, the first section which is concerned with population.

POPULATION²

To begin with, a study of population seems to be the orthodox thing to do in any review of national economies, and it is easy to understand why this is so. First of all, man is the main engine in the productive process and also, as a consumer, he is the end to which that process is directed. Moreover, population statistics usually have a longer history than other statistics. Often they are more reliable, easier to come by and do not suffer from index number problems to the extent that other statistics do. However, there is

1. A third part dealing with North Africa (including Algeria) is proposed, if space permits. The present discussion does not include Algeria, which, although legally and politically is supposed to form part of France, is usually treated as a separate unit.

2. See: *Hommes et Commerce*, No. 24, December, 1954.

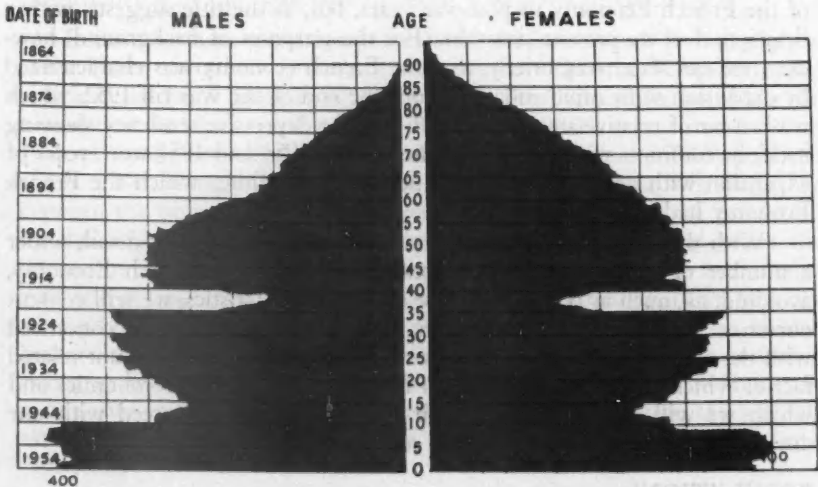
Etudes et Conjoncture, No. 1-2, Jan.-Fev., 1955.

Revue d'Economie Polinique, No. 4-5, Juillet a Octobre, 1954.

another major reason why we should begin with population in the case of France. That is, that population growth in France has some certain distinct and unique features not found in other countries, which make its study doubly interesting. We will, however, examine this question later when we come to our analysis proper. Here we will be concerned with the facts brought out by the 1954 French census.

The total population of France in 1954, according to this census, was 43,000,000 (round figures). This represented an increase of 2,980,000 since 1946. The natural increase due to an excess of births over deaths was 2,500,000. Immigration accounted for 480,000, of which 200,000 were North Africans. This is the largest population that France has yet achieved and wipes out the losses suffered during the war and due to the low birthrate before the war.³

The following diagram⁴ is the age pyramid of French population as estimated on 1st January, 1955:—

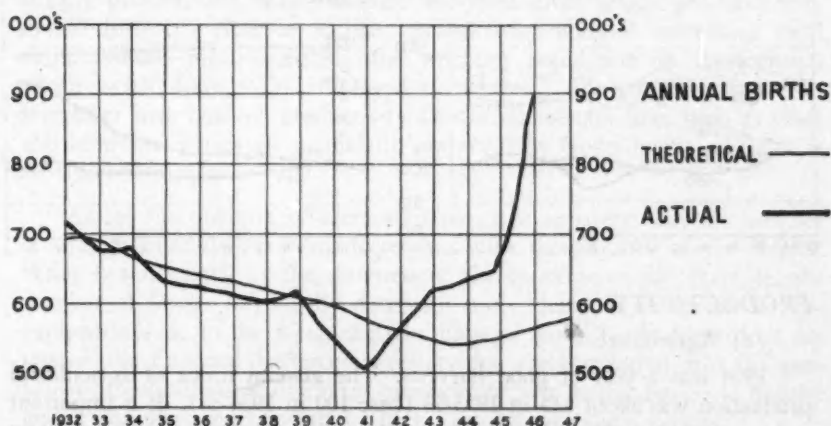


The working population is also increasing (21,565,000 in January, 1955, 20,792,000 in 1946), but due to the effect of losses suffered in two world wars the increase is in the number of workers over the age of 40, while there was a slight decrease in the number under 40 (10,676,000 in Jan., 1954, 10,725,000 in 1946). Thus there were increases in social service charges for old age and infants. The fertility level is still relatively high compared with pre-war years, but there is a slowdown in the decrease of death rates. At present the average yearly excess of births over deaths in France is estimated at 250,000. Throughout the period under review there was considerable internal migration, from rural to urban areas.

3. Some other figures: 1931, 41,229,000; 1936, 41,183,000; 1946, 40,020,000.

4. From *Etudes et Conjoncture*, op. cit., p. 15.

The post-war years have been characterized by what the French call 'Le Baby-Boom.' A slight increase in the birthrate was expected due to an increase in marriages deferred by the war. But the actual increase was very much higher, the cause being a substantial real increase in fertility. It is estimated that couples married since 1940 will average 2.3 children, while for homes founded about 1925, the average was only 2. The following Graph⁵ gives a comparison of the actual births compared with those that would have occurred if fertility had remained at pre-war levels:—



PRICES

The years 1952, 1953 and 1954 saw relative price stability achieved in France after the periods of inflation which had characterized the post-war years. There was a downward movement in 1952, which was followed by continued stability. The general indexes for wholesale and retail prices were, on the average, at a slightly lower level in 1954, compared to 1953. In general this relative price stability corresponds to the situation on world markets. Food and raw material prices, on the whole, have had a tendency towards stability and slight falls in the past three years.

Thus if, prior to 1952, the most worrying problem for the French economy was inflation, the attention of the French Government and industrialists has now turned to the disparity between French and foreign prices. In fact, this disparity is not very great. More serious studies placed it in February, 1953, at about 15 to 25%.⁶ That is, French prices were in general 15 to 25% higher than others. This was one obstacle which hampered French exporters even though the latter received considerable aid from the Government in the form of tax exemptions on profits and salaries, but this only effects manufactured products and does not overcome the handicap of an overvalued currency. Thus France is still faced with considerable

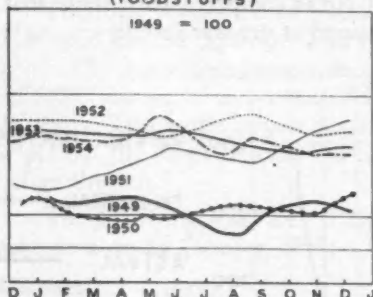
5. From *Hommes et Commerce*, op. cit., p. 33.

6. See *Revue d'Economie Politique*, op. cit., p. 530.

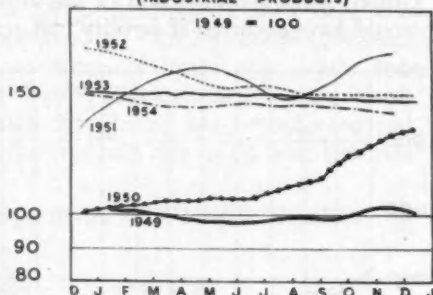
balance of payments difficulties; however, these difficulties cannot be blamed on price disparities alone. We will return to this question later.

The following two diagrams give annual price movements for the years 1949 to 1953⁷—

INDICES OF METAL PRICES LOG TABLE
(FOODSTUFFS)



INDICES OF RETAIL PRICES
(INDUSTRIAL PRODUCTS)



PRODUCTIVITY

(a) Agriculture—

1954 was a year of good harvests. The general index of agricultural production was about 115 in 1953-54 (base 100 in 1934-38). It is important to know how much of this was due to meteorological conditions and how much due to technical progress. The relation between meteorological conditions and agricultural production is complex and as yet not very well known. Thus it is not possible to say what the index would have been in an average year; all that can be done is to calculate an average based on a number of years to eliminate, to a certain extent, climatic influences. That is why an average of five years is generally taken to establish indexes of agricultural production.⁸

The index for the average of the period 1950-1955 is estimated at about 110. Even if these last five years are admitted to have been favourable climatically, the 10% increase in agricultural production cannot be imputed wholly to the weather. The general index for the five years 1945-1950 was only just 85, unfavourable weather and limited factors of production due to the war combined to keep agricultural production low. Thus there has been considerable progress during the last five years, a large part of which can be imputed to technical progress.

An increase of 10%, however, is considered insufficient and an increase of 50% would not be impossible, but considerable new investment would be necessary. It is a fact that French farmers use very little fertilizer. Some of the reasons suggested⁹ for this are the price of fertilizer, the lack of

7. *Etudes et Conjoncture*, op. cit., p. 23.

8. 1954 is generally considered to have been favourable from the climatic point of view.

9. *Revue d'Economie Politique*, op. cit., p. 701.

technical knowledge and the fear of overproduction, which would cause a fall in prices.

There were falls in prices during the 1953-54 season. A calculation of agricultural revenue shows that, on the whole, the effects of rising productivity and lower prices compared with 1952-53 cancelled each other out.¹⁰ This has led some to wonder whether higher production and productivity in agriculture should be encouraged. Many markets are already glutted, and many farmers ask themselves which products they should turn to. And to increase productivity without increasing total output would mean reducing the working population in Agriculture, which would have to be employed elsewhere.¹¹ The problem, however, at present is to channel productivity away from certain lines such as vines and beetroots, which are artificially supported by Government subsidies at an uneconomic level.

As for the question of mechanization, it is apparent that the number of draught-animals has been decreasing with the advance of the tractor. What is remarkable is the slowness of the movement; for example, the number of horses has hardly decreased more than 15% since 1938. The explanations lie in the facts: that the mass of small landholders does not possess the financial resources necessary for mechanization and the continual modifications of fuel taxes cause prospective tractor buyers to hesitate before complete mechanization: they keep part of their cavalry.¹²

(b) Industry—

French industry is at present in a process of expansion. If we consider the progress made since the end of the second world war, we find that France's industries, seriously damaged after five years of war and occupation, have seen their basic installations replaced, stocks reconstituted and industrial potential developed. To be sure, the levels attained are below many other, and less handicapped, countries. Many factors¹³ have adversely affected France's economic recovery, but what has already been accomplished seems encouraging for the future.

Actually French industrial production is 50% higher than in 1938. Comparison with this last 'normal' pre-war year is, however, misleading, for this was still a period of depression; compared to 1929, the peak of the inter-war period, the increase is only about 20%, but if we consider the fact that in 1945 industrial production was hardly half of the 1938 level, we can measure the effort accomplished since then. This is seen from the following table¹⁴:—

10. *Studies et Conjoncture*, p. 46.

11. *Ibid.*, p. 47.

12. *Revue d'Economie Politique*, *op. cit.*, p. 700.

13. These will be examined and analyzed in the second part of this essay.

14. *Etudes et Conjoncture*, *op. cit.*, p. 61.

INDICES OF INDUSTRIAL PRODUCTION¹⁵

(Base 100 in 1938)

	with building	Total without building	Energy	Equipment	Consumption
1929	133	125	95	157	105
1937	109	109	97	—	—
1938	100	100	100	100	100
1945	51	43	—	—	—
1946	84	79	101	89	72
1947	99	95	107	103	89
1948	113	111	112	120	102
1949	123	122	125	136	101
1950	123	123	133	130	110
1951	138	139	148	147	121
1952	144	145	156	164	109
1953	140	141	155	153	114
1954	151	153	164	164	127

All sectors of the economy have not been affected in the same way. In the efforts of the past few years, priority was given to equipment goods. Already in 1952, the index of 164 shows high productivity in this sector, it fell by 7% in 1953 but returned to the 1952 level in 1954. The industries concerned with energy (mainly in Government hands) are in continual development, the index of this sector also being 164 in 1954, without there being any falls on the way. While the building (including public works) sector shows a slower development than the average of the total of other industries, which causes the general index with buildings to be lower than that without building, in opposition to the pre-war situation. Consumption goods industries only begin to show signs of development in 1954.

NATIONAL INCOME

An official Government document¹⁶ published in 1953 begins its discussion National Income as follows: 'Les données relatives au revenu national constituent les instruments les plus féconds de mesure du niveau économique d'un pays.'¹⁷ Having thus pointed out that national income statistics are of great importance for examining a country's economic progress, this report goes on to say that research into national income found practical applications in Anglo-Saxon countries. France was very late in entering this field, both in research and practical applications.

At the end of the second world war, the French Government decided to establish a long-term economic plan which had as its objective the modernization of the country's industrial equipment which had been

15. From *Etudes et Conjoncture*, op. cit., p. 61.

16. *Statistiques and Etudes Financières* (Ministère des Finances); *Supplément Finances Françaises*, No. 20, 1953.

17. *Ibid.*, p. 631.

neglected by the Malthusian¹⁸ tendencies of the inter-war period and the destruction of which had been completed by the war. The execution of this plan necessitated considerable investment which France, alone, could not supply. In 1946, the Government began negotiations in Washington to obtain American loans. Mr. Monnet had the duty of presenting the French plan to the Americans. Knowing the latter's tastes for arguments based on national income statistics, he presented a table showing that the projected equipment would result in a rise of production and national income, which in itself would enable higher investments to be made in the future.¹⁹

And so was born the study of French National Income. But, unhappily, the statistical equipment in France at present is not what it should be, and it has not been possible to obtain, in recent years, the data concerning production of finished goods and even less of the values added by the intermediate sectors of production. Some estimations were made on the basis of the only reliable investigation of French National Income which was made in 1938. This was done indirectly by applying production and prices indexes to the 1938 figures, which incidentally were not so reliable only relatively so, since no other calculations on a direct basis have been made. It is superfluous to point out that this process has proved inadequate and has had to be abandoned for later years. However, it served its immediate purpose since, despite the lack of really reliable National Income statistics, France still obtained American aid.²⁰

Our Government documentation concludes by saying²¹ that for the future the ideal would be to have an industrial census, which would not only be a source of precious information which businessmen could use in the conduct of their firms, but would also give indispensable statistics for the evaluation of the National Income. The example of other countries shows that such a census, even on a five-yearly basis, would enable much better and more detailed estimations to be made. A law recently put into effect, which makes statistical records obligatory, gives some hope that these questions would receive, in the near future, a solution which has been neglected far too long.²²

INVESTMENT

(a) Public—

As previously mentioned,²³ a plan for the modernization and equipment of French industry, together with a committee to govern it, was set

18. Poor old Malthus is constantly being blamed for much of France's economic ills. The terms 'Malthusianisme, Malthusien' and others are constantly cropping up in French periodicals, not only in reference to population problems, but to many others. We will examine this question later on and try to establish the meaning that is hidden behind the use of these terms.

19. *Statistiques and Etudes Financières*, op. cit., p. 631.

20. Although one might be tempted to argue that American aid was given in spite of the lack of adequate statistical information for other reasons.

21. *Statistiques and Etudes Financières*, op. cit., p. 657.

22. Some may think that too much hope could be placed on this, especially as statistics are viewed with suspicion by many Frenchmen. This question will occupy our attention again later on.

23. See above, p. 7.

up by the French Government after the last war. The first plan covered the years 1947 to 1950, but with the advent of the Marshall Plan in 1948, the plan was extended to 1952-53. The second plan was put forward in 1954. The 1954 annual report of the 'Commissariat Général au Plan'²⁴ states that an essential factor is at the basis of the new plan. That is, despite the remarkable progress accomplished since the end of the war, French industrial output is barely above that of 1929, which during the last 25 years American output has doubled and English and German output have each increased by half during the same period. It is the first time for a century and a half that French National Income has hardly increased within a generation.

A great part of France's present difficulties, continues the report, stem from this. An insufficient standard of living faced with an increasing population; heavy social service charges borne by a relatively small working force; high costs; balance of payments difficulties, are all problems which cannot be solved outside a general and continuous economic expansion.

The studies made by the commission for the 'plan' confirm that if the economic situation of France shows that expansion is necessary, it, at the same time, also offers all the human and material resources which would make such expansion possible. Thus the objective for 1957 is an increase of 25% in the national income above the 1952 level. This result would be obtained by increasing agricultural production by 20%, industrial production from 25 to 30% and building activities by 60%. Its realisation would permit balance of payments equilibrium and a 4% per annum rise in the standard of living.

Instead of being directed, as the first plan was, to basic industries (energy, iron and steel, transport) which commanded the whole of the State's efforts, the second plan will widen this effort especially towards agricultural production, secondary industries, building and exports. The order of the day is no longer 'produce,' but 'produce better.' Emphasis is on the development of scientific and technical research.

The report also discusses a most interesting and important point.²⁵ To obtain expansion without inflation it is not enough to have a calculated investment and a correct financial policy. One of the gravest obstacles resides in what has been called the 'rigidities' of the French economy. Too much protection both internal and external combines to keep alive, un-economic and marginal firms with no future and useless productions, by limiting competition and preventing all incentive for firms to adapt themselves to technical progress and changing demands. It is important, then, to eliminate from institutions, firms, habits and customs, all that paralyzes or sterilizes the French economic machine to enable it to return to its former dynamism.²⁶

24. Commissariat Général au Plan de Modernisation et Équipement: *Rapport Annuel sur l'exécution du plan de modernisation et d'équipement de l'Union française*, 1954, pp. 5 ff.

25. *Ibid.*, p. 8.

26. Whether the French Economic Machine has ever been dynamic is another question. Some of the so-called rigidities date back to Napoleonic days, when beetroot production was subsidized, for example. This particular discussion, however, belongs to history, and does not concern us here.

June, 1956

The following table²⁷ gives a list of the principal investments voted by the Government for the year 1953:—

CREDITS		CREDITS
Destinées aux investissements économiques en 1953.		Votes (Loi du 7 février 1953) (en millions de francs)
<i>A.—Prets du Fonds de Modernisation et d'Equipement:</i>		
Charbonnages de France ..	..	31,650
Electricité de France ..	..	50,500
Gaz de France ..	..	18,000
Compagnie nationale du Rhone ..	..	7,000
Air-France ..	..	3,800
Flotte de Commerce ..	..	1,950
Ports aériens et maritimes ..	..	2,900
Agriculture ..	..	37,400
Siderurgie ..	..	36,700
Afrique du Nord ..	..	57,600
Caisse centrale de la France d'outre-mer ..	..	41,300
Sarre ..	..	4,800
Tourisme ..	..	1,500
Prets sociaux agricoles et divers ..	..	4,700
Total ..	..	299,800
<i>B.—Reconstruction:</i>		
Société nationale des Chemins de fer français ..	..	15,700
Marine marchande ..	..	39,500
Grand Total ..	..	355,000

(b) Private—

Information on private investment is hard to obtain. However, some figures for individual basic industries are given in the 1954 Annual Report of the Planning Commission.²⁸ For example, in 1953, investment in the iron and steel industry totalled 66,000 million francs for iron and steel works themselves, and 78,000 millions if we add coke ovens and electricity stations. Of this 36,800 millions came from Government loans through the funds of the 'Plan.' Some other figures will be given in the appendix.

CONSUMPTION AND SAVING

The improvement of the economic situation in France during 1954 is perceptible in the field of consumption, from the point of view of either its total volume or its structure. Once again, however, reliable statistics are as hard to obtain as those of Iron Curtain countries. Total retail sales of consumption goods are estimated to have increased about 6 to 8% from 1953 to 1954. The following table gives estimations of variations in the sales of some typical products between 1953 and 1954²⁹:—

27. From the 1954 Annual Report, *op. cit.*, p. 14, and *Statistiques et Etudes Financières*, *op. cit.*, p. 538.

28. *Ibid.*, pp. 214 fol.

29. From *Etudes et Conjoncture*, *op. cit.*, p. 117.

VARIATIONS	PRODUCTION OR SERVICES
30%	Motor-bikes. Household Electrical Goods, Radios and Television. Motor-scooters.
20%	Motor-cars. Furniture. High-class Wines, Champagne.
10%	Perfumes. General Foodstuffs, Cafés and Restaurants. Cinemas—ordinary Wines.
5%	Textiles and Clothing. Newspapers—Tobacco.
0	Bread.

The greatest increases were in durable consumption goods. These are the goods which are often bought on hire purchase or on credit, which leads one to suppose that where consumption has increased greatly it has been based on anticipations of increased income rather than on the benefits already realized.³⁰ In general, the evolution of consumption between 1953 and 1954 was in the direction of a structure which corresponds to a higher standard of living for the nation as a whole.

It might be argued that, with increasing population, consumption would still show an increase with a constant living standard. But the total increase in the volume of sales of 6% is higher than population growth in the same period. Moreover, the structure of sales shows that increases were in directions other than those associated with rising population, especially when the rise has yet to be felt in the above 20 age group, which would be interested in purchasing cars and motor-bikes.

As for savings, the picture, briefly, is as follows: an increase in savings accounts during 1954; gold seems to have lost a little more of its safe-value character as an attraction for loose savings. This is an important sign in France where gold has had a long hold on savings. With gold, thus, losing some of its value, the stock exchange has benefited. Savings were increasingly invested in stocks and shares during 1954, resulting in a 65% increase in their value. If this development continues, and it shows signs of doing so,³¹ it will be encouraging for future prospects.

FOREIGN TRADE

The deficit in France's balance of trade with the rest of the world diminished during 1954. For the first nine months of the year, the deficit was about 140,000 million francs as against 185,000 millions during the corresponding period of 1953. Imports rose by 30,000 millions (+4%), while exports increased by 75,000 millions (+13%).³²

30. *Ibid.*, p. 118.

31. See *Time*, May 30th, 1955, p. 42—"Business Abroad": *Time* writes about 'Le Boom'—"For a year, Frenchmen have been flocking to the Paris Bourse, demonstrating a faith in their economy that has long been lacking."

32. *Etudes et Conjoncture*, *op. cit.*, p. 138.

The situation of French agriculture played a decisive part in this evolution. Exports of foodstuffs were developed and imports of such products were generally reduced. The recovery of economic activity in France and the rest of the world resulted in proportional increases in both exports and imports of goods other than foodstuffs. The reduction in the deficit, however, would have been greater if the terms of trade had not become more unfavourable. Exports, especially for foodstuffs, were sold at relatively lower prices, while imports, in general, remained at a stable level!

It must not be forgotten, even though the French tend to play it down, that without American aid what has been achieved in France's economy would not have been realized. However, to speculate as to what would have occurred in the absence of this aid, is a largely fruitless pursuit. It is possible, for instance, that American aid has had some pernicious effects by creating an atmosphere which adversely affects incentive. Efforts in certain exports industries, for example, may have been greater in the absence of an attitude of complacency: what does it matter if we do not export enough, the Americans will always help us out.³³

CONCLUSION OF PART I

At this stage we will not make any conclusions, for this part is more or less introductory to the main part which is to follow. It is intended to be used as a point of reference or comparison. Thus it has been thought more appropriate to leave any conclusions we could have made here to the end.

Instead two hypothesis will be put forward which will provide, in part, the theme for the second part of this discussion. They are:—

- (1) That the French are amongst the top ranks when it comes to making plans, but amongst the lowest when it comes to carrying out these plans.
- (2) When one considers:
 - (a) purely economic factors (natural resources, etc.), one wonders why the French economy has not grown and developed faster than it has;
 - (b) factors, other than those belonging to pure economics, one wonders how it is possible that the French economy has grown as fast as it has.

33. I have no proof for this last supposition; however, it seems to be distinctly possible. This point may have our attention again, later on.

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5. *Commissariat Général au Plan de Modernisation et Equipement: 'Rapport Annuel sur l'exécution du plan de modernisation et d'équipement de l'Union française,'* 1954.
6. *Time*, May 30, 1955.

PART II: THE ANALYSIS

"Frenchmen are delighted when a great man talks to them of their greatness, their great civilizing mission, their great country, their great traditions, but they dream of retiring, after a pleasant little life, into a quiet little corner, on a little piece of ground of their own, with a little wife who will be content with inexpensive little dresses, concoct for him nice little dishes and on occasion invite his friends charmingly to have a little game of cards!"

—MAJOR THOMPSON.¹

1. INTRODUCTION

France's post-war economic growth cannot be understood without reference to its historical and social setting or framework. Indeed, it could be argued that economic growth in general could not be so understood. The easy solution seems to be to take this historical and social framework as given. Usually, not much is said about what it is that is given, the excuse being that it is not strictly within the economists' domain, but belongs to that of the historian, sociologist, political scientist, psychologist, etc., who will no doubt kindly work out these data on which the economist, studying growth, must depend.

Unfortunately, this method of procedure creates a new set of problems. For example, will the other scientists co-operate and provide the data which the economist needs?² Such questions as: can economic growth occur in a given social framework? Will not the social framework have to change to permit growth? and so on, cannot be answered if this method is used.

This leads directly to proposition number one: that economic growth cannot be explained simply (or even primarily) in economic terms. This is particularly relevant in the case of France. It is of fundamental importance because it helps to explain why we find it necessary to ask the following questions: Can a nation's economy remain stationary in a world of rapid growth (and yet keep its political status)?³ Can an economy grow without changing or effecting the social and political institutions and habits of a nation? These and other questions similar to those asked in the previous paragraph provide the reason why we are devoting the next section of this essay to a discussion of the historical and social framework within which we have to set out analysis of post-war economic growth in France.

2. HISTORICAL AND SOCIAL FRAMEWORK⁴

The economic historian has given us one fundamental datum: that France's economy has been relatively stagnant for nearly a century prior to World War II. France fell from the position of the first industrial nation

1. Pierre Daninos, *Major Thompson Lives In France* (London, Cape, 1955), pp. 24-25.

2. First of all the economist must have some idea of what he needs and, secondly, there is no certainty that other scientists, interested in different problems, will co-operate. Either way, the economist will have to go outside his domain, to a certain extent.

3. The latter part of the question is in parenthesis because it is only an additional complication, the first part being quite sensible in itself.

4. While discussing the historical and social framework, we will attempt to outline its theoretical implications. This framework is not meant to be that existing at any particular moment of time; it is rather a kaleidoscopic description of the period around about the outbreak of World War II.

in Europe at the end of the 18th century to a minor position in the inter-war period.⁵ What interests us here are the 'forces'⁶ which gave rise to this situation.

Economists, and social scientists in general, are often in the habit of searching for one ultimate 'cause' of a particular phenomenon.⁷ This, we believe, is a vain search in most cases and especially in the case of French economic stagnation. Undoubtedly finding one ultimate cause greatly simplifies the problem, and it is possible that any attempt to bring in all the relevant factors would only lead to a tangled web of great confusion, without providing more certainty or correctness. The only other alternative is to try and gather in what seems to be the most important factors while recognizing that these are not the only ones. Such a procedure may be open to two criticisms: first, that the choice of factors is necessarily arbitrary; and secondly, that in making a choice one tends to pick out those factors which seem to be most in accordance with a preconceived hypothesis (or vision).⁸ These may or may not be correct, nevertheless it seems that this procedure, although far from perfect, is preferable to the other two alternatives. It is hoped that this will become apparent as the argument proceeds.

The economist who searches for the explanation of France's stagnation in, for example, the lack of natural resources, will be disappointed. Nature is not over-generous, but certainly it has given much more than would be indicated by what Frenchmen have made of nature's gifts. Self-sufficiency in food production, with the possibility of substantial surpluses on rational (or more economical) utilization of agricultural resources, combined with modern techniques. The largest iron ore deposits are in Western Europe. Perhaps not entirely adequate resources of coal and other fuels, but certainly there exist many of the natural resources which could provide the basis of a large industrial economy. The truth is that natural resources, in themselves, are not the most important thing; what is much more important is how they are used and what is done with them.^{8a}

Another factor, which some think provides the answer, is population.⁹ Here the statistics show that since the 1860's France's population has

5. See *U.N. Economic Survey for Europe in 1954*—henceforth quoted as *U.N. Survey*, p. 173.

6. The term 'forces' was used in preference to 'causes' because there is some difficulty in distinguishing 'cause' and 'effect.' It is not a one-way relationship, but rather multilateral interaction. In general, however, to simplify the problem a one-way relationship will be assumed and the reactions set aside.

7. The *U.N. Survey* seems to be the principal offender in this case, laying the blame on population stagnation. Others who come near to doing this are Andre Siegfried, *Traditionalism*; Christopher, *Dessication of the Bourgeois Spirit*; D. S. Landes, *The Dearth of French Entrepreneurs*. It may be unfair to criticise these writers for searching for the ultimate cause, since they were concerned with examining each question separately—simple specialisation. Nevertheless, they do tend to emphasise the priority of their particular 'cause.' Here we will be emphasising the equality of the 'causes' rather than their priority or order of importance.

8. This seems a common enough complaint, still it is claimed that the factors we pick out are the most important—any proof to the contrary will be humbly accepted.

8a. See Woytinsky, *World Population and Production*, p. 444.

9. See the *U.N. Survey*, *op. cit.*

remained relatively stationary around the forty million mark.¹⁰ *Prima facie*, one would think that with population stable, increased standards of living would be possible, given technological advance and an increase in total national product. It would seem, then, that a more rapid growth of per-capita income could occur in a stationary population than in a growing one.¹¹

Examining the problem more closely, a different answer emerges. New and more productive techniques usually mean changes in employment, some kinds of employment becoming redundant; others being created. If these new techniques are to be introduced successfully and with a minimum of friction, there must be a high degree of mobility of labour. Generally a man who has been employed in one field for a certain length of time is loath to leave it and take up new employment, which often means learning a new trade and applying new techniques. The new recruits to the labour force—the youths of a nation—are those which enter new trades most readily. With a stationary population, however, the number of young people entering the labour market may be just sufficient to replace those lost through old age or death. In the short run this depends in part on the age structure of the population, but in the long run a stationary population, in equilibrium, just reproduces itself.¹²

Two things are possible in this state of affairs: first, older workers will resist any technological changes which will jeopardize their present employment; and secondly, the number of youths entering the labour force will not be sufficient to provide labour for the new employment resulting from technological advance. Also, in the case of single sons (which will be the majority case in a stationary population), there will be a tendency for them to follow their father's footsteps. This seems to indicate that there will be more immobility of labour in a stationary population than in a growing one.¹³

A stationary population, then, introduces forces that prevent technological change. But economic growth is not possible when both technology and population are stationary, at least once this population is fully employed. Greater output, in this case, is only possible if more capital is used in conjunction with the same amount of labour. This is equivalent to using a new technique—a change in the technical co-efficient. This seems to be a reasonable argument, but certain characteristics of the population in question must be taken into account, for these may, or may not, reinforce the forces preventing technological change.

Among these characteristics, habits, customs and attitudes play an important part. For example, it seems reasonable to suppose a stationary population, whose members are in the habit of changing jobs (or at least do not mind doing so, if they are convinced that they benefit by it) and

10. Population in 1880 was 37.7 million (excluding Alsace and Lorraine); in 1900 it was 39 million; 1910, 39.6; 1920, 39.2; 1930, 41.8; 1946, 41.2. From Woytinsky, *op. cit.*—see also Table 2.

11. *U.N. Survey, op. cit.*, pp. 174-175.

12. *Ibid.*, p. 175.

13. *Ibid.*

who have nothing against something new and change in general. This could be a possibility in the U.S.A., where the population, on the whole, has a dynamic outlook, not opposed to change, but actually encouraging and thriving by it. Could not this outlook remain even if the population itself ceased to grow, or is this outlook intimately related to population growth? The former seems possible at least in a young and virile nation like the United States.

But France is an old (long-established) nation seeped in tradition,¹⁴ where change is not viewed with favour, rather it is stability and the *status quo*, together with security, which are demanded. Stability, the *status quo* and security are all threatened by economic growth. New techniques will, therefore, only be introduced when they do not disturb the existing state of affairs. This is an important limitation, which reinforces the stagnation tendencies inherent in the French economy.

Again, the individualism of the French tends to restrict the growth of modern mass production methods (the outstanding technological change of the present era).¹⁵ The Frenchman likes to preserve his individuality, to show off his distinctiveness. In so far as mass production leads to standardization, this conflicts with the desire for individuality. The Frenchman, moreover, wants to be economically independent.¹⁶ He does not like being a debtor. But modern techniques have given rise to demands for large financial resources necessary for large-scale capital formation. These can only be obtained, rapidly, by borrowing from the public. A French businessman prefers to use his own financial resources rather than become a debtor to the public. This fact must slow down the possibility of economic expansion considerably.¹⁷

Economic growth does not only mean changes in technology, it also means changes in the structure and composition of the economy. Certain structures will prevent or restrict economic growth, others will encourage it. It is important, then, to have a look at the structure and composition of the French economy.

In France the typical firm is the family firm, and the typical farm is the small peasant-family farm.¹⁸ In retail trade, for example, many small

14. "France was a finished product by the end of the 18th Century. Hers is an adult civilization, and as such it is less adaptable to the dynamic forces of the present-day world. For this reason the 20th Century has been for France a century of crises." Andre Siegfried, *Approaches To An Understanding Of Modern France*. In Earle (ed.), *Modern France*, p. 5.

15. *Ibid.*, p. 5.

16. *Ibid.*, p. 7.

17. "The French entrepreneur is inclined to postpone possibilities for development simply because expansion might sooner or later compel recourse to outside capital and seriously . . . compromise the exclusive character of the enterprise—profits are often sacrificed to an overall integration extremely harmful to efficient production—the manufacturer does not like to rely on outside help or co-operation." D. S. Landes, *French Business and the Businessman: A Social and Cultural Analysis*. In Earle, *op. cit.*, p. 338.

18. "It is widely known, to the point of being almost a truism, that the typical French business is small. What is less often realized is that most businesses are family structured in a way that has generally been associated with pre-capitalist economies. They are inextricably united economically in the sense that business treasury and household purse are simply one, just as national treasuries were once inseparable from the King's personal fortune." *Ibid.*, p. 335.

family businesses dominate the field as against chain and large departmental stores in other advanced economies. This structure tends to go back through the wholesale and manufacturing trades. Even in heavy industries, such as the steel industry, the firms although much larger are still family-owned rather than independent corporations.¹⁹ This structure of many small firms seems to fulfil some of the conditions of the perfectly competitive economy of the 'classical model.' But in fact the French economy is far from competitive. In this case it is tempting to conclude that the 'classical model' is not always a competitive model. It needs a number of other assumptions showing that the existence of many small firms is not sufficient for a competitive economy. In fact, it is possible to argue that the existence of large firms is necessary for competition.

The demand for security in France, for example, has led to measures being introduced to protect small firms. But the modern mass production techniques which have permitted the tremendous growth in output in other advanced economies give rise to the need for large firms, which have the necessary financial resources for large-scale capital expansion. Large firms are also much more efficient under this type of technology; having lower unit costs, they can produce at lower prices. Therefore, they are much more competitive than small firms, and given free rein they would drive them out of the market. It may have been that at some period the classical theory of competition was valid, but modern technological developments have changed the situation to such an extent that it is no longer applicable. In the modern situation, what is meant by competition has been expressed by Schumpeter²⁰ "as the scheme of motives, decisions, and actions imposed upon a business firm by the necessity of doing things better or any rate more successfully than the fellow next door." The which favour large firms as against large ones, thus obviating the necessity of doing better than the fellow next door.²¹ Clearly this must have adverse effects on economic growth.

It appears that the 'dynamic' innovating entrepreneur is absent from the French economy, or, at least, if he does exist, he is not allowed complete freedom of action. He can only introduce new techniques as long as he does no harm to existing small firms.²² The economy is therefore regulated by the marginal inefficient firms. This means there is little incentive for an efficient firm to introduce new techniques which would expand its market, unless the market in general was expanding.²³ There is, however, a close relationship between expanding firms and expanding markets which has

19. *Ibid.*, p. 337—public utilities would be an exception.

20. J. A. Schumpeter, *History of Economic Analysis* (Oxford Uni. Press, 1954), p. 975—Henceforth, the term 'competition' will be used in this sense.

21. "In such a system, the compulsive urge toward growth inherent in business for the sake of business is either diluted or absent. The primary concern is to live well within one's means, saving as much as possible." Landes, *op. cit.*, p. 338.

22. "The point is the innovator may innovate all he wants. . . . But he must not upset the applecart of vested interests. For controlling or rebuking those who refuse to abide by this simple rule, there are ways and means." *Ibid.*, pp. 348-50.

23. *Ibid.*, p. 349.

a. 'hen and egg' problem about it. That is, do expanding firms lead to expanding markets or vice-versa? Experience in other countries such as the United States seems to indicate that, which ever produced the original impetus, expanding firms tend to accelerate the growth of markets.²⁴

There have been dynamic French entrepreneurs in the past, but usually their fate has been failure whenever they have adversely effected the interests of the small firms. In general, therefore, Frenchmen have been content to ensure that their family fortune is secure. It is not necessary for it to be large or to expand it rapidly—just sufficient to guarantee the family's basic needs. There is much behind the statement that France is the home of the petty-bourgeois.²⁵

Modern economic growth is often conceived as industrial growth, but agricultural growth is equally necessary. New techniques in agriculture permit an ever smaller proportion of the total population to produce a large enough agricultural output for the needs of an increasing proportion employed in industry. Moreover, the surpluses earned in agriculture have often been the source of capital for the expansion of the industrial sector. It is a general phenomenon that the most advanced industrial nations also have high agricultural outputs, and many of the nations which are known for their large agricultural outputs are often highly industrialised, with a greater proportion of their total population employed in industry than in agriculture.²⁶

One of the features of the French economy has been the balance that has been maintained between industrial and agricultural employment. A much higher proportion of the population than in other industrial nations is still employed in agriculture.²⁷ This means small-scale farming, with restrictions on the use of new techniques and consequent stagnation in agricultural output. As this output has, in general, been sufficient to meet the needs of the French population, economic necessity has not been a compelling factor to force changes in agricultural techniques. Moreover, the French peasant is even more seeped in traditionalism than other sections of the community. Stability and security once again dominate the scene. These demands have resulted in the hoarding of savings and the preference for more investments in foreign countries than at home.²⁸

24. "Confronted by an expanding economy, the French producer still does not go out and find or make markets; he waits for them to come to him." *Ibid.*, p. 339. For example, French businessmen do not go in for the high pressure advertising of the American type. If it is thought that there is a change in this setup in the present time because at this year's Sydney Royal Show there was a large exhibition of French goods, may it be pointed out that the initiative comes from the Government rather than from the businessman.

25. "The Frenchman can and does point with pride to those traditions of leisure and quality, of individuality and taste, to that gout, that refinement inseparably connected with an economic system as yet unperturbed by mass production and standardization. Can the one be changed without sacrificing the other? After all, it takes all kinds to make the world, and it has yet to be proved that a world formed in the image of the U.S. would be an improvement." *Ibid.*, p. 352.

26. We have only to cite Australia and Canada for the latter and the U.S. for the former. See Table 12.

27. See Table 12.

28. Among the reasons why savings have been invested abroad is that businessmen at home preferred to use their own private finances (see above, p. 5), and the fact that the economy was stagnant meant that investors were deprived of the guarantee a rapidly expanding internal market provides. See *U.N. Survey*, *op. cit.*, p. 176.

The dominant attitudes, then, of the peasants and businessmen in France have been against change, but what about the other important class in the community: the workers. Are they satisfied with their position?^{28a} Far from it, but in the past their ambition has been to own a small business themselves.²⁹ Moreover, the Frenchman has a conception of work, of production, which involves the honour of work well done.³⁰ The workman likes to be associated with the final product in person. He wants his individual craftsmanship preserved. Mass production methods tend to destroy the individuality of workmen and their products. Thus, they also have tended to exert pressures preventing change and preserving the *status quo*, at least in the sense of the structure of society, if not their position in this structure. Besides, in a nation of small businesses, the workers are in the minority.

On the consumption and demand side of the problem, attitudes and customs which tend to work against economic change also prevail. The French consumer likes to preserve his individuality in what he buys, therefore he abhors mass-produced articles and their standardization. He will buy a hand-built car, if he has the money to pay for this extra luxury, or, if not, he will decorate his mass-produced car with all sorts of sundry gadgets to make it look as different as possible from his neighbour's. This consumer individuality, then, means a small demand for mass-produced articles, and a higher price is willingly paid for differentiated products of artisanal and semi-artisanal industries, which supply a restricted market.³¹

Demographic stagnation also tends to prevent increased demand. It is true that demand could and does increase independently of population growth in modern industrial nations. This depends on increases in per-capita income and standards of living. But increased per-capita income depends on increased productivity, which in turn depends on high rates of investment and technical innovation. There is thus a vicious circle which prevents economic growth in France—demand is insufficient to provide a market for mass-produced articles, hence businessmen have no incentive to increase output, hence income is low and therefore demand insufficient. Population growth would, of course, break this circle to a certain extent. Changes in tastes and habits would probably be much more effective. Whether these occur on the demand or supply side is immaterial in the long run. There seems to be a connection between the two, and a change in one would probably induce a change in the other.

In the short run, however, the risk to businessmen would naturally

28a. Some may ask: What about the popularity of the Communist Party in France? We do not propose to get involved in a protracted discussion on this, but, one point can be made—French workers want improved conditions, not a revolution; the Communist Party stresses this point and hides its revolutionary bias.

29. "In France the small shop fills a vital rôle; as a symbol of independence and the most convenient ladder between people and petite-bourgeoisie, it is the great ambition of thousands of salaried proletarians. Le petit commerce is thus an indispensable mechanism of social mobility, and hence, paradoxically enough, of social stability." *Landes, op. cit.*, p. 342.

30. Siegfried, *op. cit.*, pp. 8 and 9.

31. *Landes, op. cit.*, pp. 344-5.

be less if the change came from the demand side. This is an important restriction since French businessmen have been loath to take risks.³² They are afraid of over-producing for a market in which effective demand is restricted by the consumer's habits and low income. France's self-sufficiency in foodstuffs also means that the French consumer's emphasis on food and drink can be satisfied without putting any pressure on imports. "The general standard of living in France—and this is true of all classes—is far more heavily biased in the direction of services. . . . Services and time are too cheap to make the Frenchmen buy those machines and conveniences that would represent an important field of expansion for manufacturing industries."³³

It has been said that technological progress is the essence of the capitalist system. In so far as technological progress has been restricted in France, are we to interpret this to mean that France's economic system is not capitalist? In a sense, this is nearly true, but only because modern capitalism is quite different from the early capitalism which emerged with the end of Feudalism. It can be said that France has not progressed far beyond the stage of early capitalism which retains many feudalistic characteristics. The traditionalism of the French population has been one of the main factors which prevented capitalism from escaping its Feudal strait-jacket. Further, it would seem that there is more conflict between modern capitalism, with its mass-production techniques, and early capitalism—than between early capitalism and Feudalism.³⁴

Finally, institutions have been thrown up that help to keep the *status quo*, or existing ones have been so conditioned as to produce this result. Of these, the most important, for our purposes, is the Government. The French system of Government has been a powerful institution working against change. Subject to all the pressure groups which demand the maintenance of the *status quo*, it has built up a protective and restrictive system of controls and subsidies which effectively constrain economic growth. The instability and weakness of French Governments has meant that any attempt to change existing conditions is doomed to fail—a strong Government, not a weak one, is needed to get rid of the feudal strait-jacket and overcome the pressure of special interest groups. This instability also means that the public administration is all the stronger, otherwise there would be complete chaos. Administrations are usually concerned with preserving the *status quo*, especially when they have a strong position in society they have a vested interest in it.

One result is that France has an outmoded taxation system quite unsuited to a dynamic economy. It relies on indirect rather than on direct taxation, its methods of collection are antiquated, and it is a fact that tax evasion is prevalent in France to such an extent that it is a national pastime. Those that benefit most from this state of affairs are peasants and small

32. *Ibid.*, p. 348.

33. *Ibid.*, p. 345.

34. See J. E. Sawyer, *Strains in the Social Structure of Modern France*. In Earle, *op. cit.*

businessmen.³⁵ As they form the most powerful pressure groups, no Government which wishes to survive can introduce measures to reform the taxation system. This has led to unbalanced budgets becoming a chronic feature in France, large deficits being needed for essential governmental finance, with consequent inflationary tendencies.^{35a}

Some very brief comments on foreign trade—which we have neglected so far—seem necessary before we conclude this section. The one fact that emerges here is that in the past French visible exports have not been sufficient to cover visible imports. But for long France was a creditor nation, and the reason is to be found in invisible exports. The tourist trade has been providing France with the necessary foreign exchange to enable the importation of essential goods. A higher standard of living has been possible than would have otherwise have been the case, given the *status quo*. Thus, even tourism, in a sense, has been indirectly responsible for the maintenance of the *status quo* by doing away with the need for higher exports of visible items—the export industries have not had the economic incentive to increase production, and as long as the consumer could obtain imported goods (via the tourist's pocket) there was no incentive to find alternative sources at home.

We can but conclude that this historical and social framework is distinctly antipathetical to change and hence to economic growth, the important result being the technical backwardness of French industry and agriculture in relation to other advanced economies, which has weakened France's position in the modern world³⁶—a world in which economic strength is related closely to political strength. However, when we examine the post-war trends in France, we see that there has been quite considerable growth especially in the more recent period. We must now turn to the question of how this was possible.

3. THE CHANGING SCENE IN POST-WAR FRANCE

In the preceding section we saw that the social structure in France has tended to restrict the possibilities of economic growth. Since there has been considerable growth in post-war France, it seems reasonable to expect that there must have been changes in the social structure. Three possibilities

35. "Only 270,000 peasants and shopkeepers admitted to 200,000 francs profits and 30,000 companies declared that they made no profits at all. These presumably remained in business 'entirely out of a deep sense of public duty.'" D. Pickles, *French Politics: The First Years of the 4th Republic*, p. 248.

35a. Other results of this taxation system are a transfer of the main burden of taxation from peasants (i.e., agriculture) and small businessmen to the industrial sector; and distortions in distribution due to the reliance on sales tax.

36. Too much can be made of the question of technical backwardness. "It is a current saying that certain French industrial plants date back twenty years, while the corresponding American machinery is only four or five years old. The contrast is indeed striking, but the saying is not completely valid. It compares techniques of production which are in many ways different, these differences being imposed by the particular structure of each market. A civilization which is founded on the concept of permanence cannot use the same methods as a civilization which is built on the idea of renewal. It is, nevertheless, certain that the French economy is, because of its technical equipment, in a very difficult position in international competition." Dieterlin and Rist, *The Monetary Problem of France*, p. 23.

suggest themselves: firstly, an autonomous change in one or more of the factors which form part of the social framework; secondly, a change forced upon the structure from outside, that is, since France is not an isolated nation, it is subject to forces generated outside its frontiers; and, thirdly, a combination of both, with outside and internal forces working together, in the same direction.

The first possibility comes up against the problem of determinism. A chance factor is introduced: by some fluke which does not seem to be explainable in scientific terms, something occurs autonomously, setting up a chain reaction or movement. While not discounting this possibility, it will be set aside as beyond the scope of this essay because it brings in numerous difficulties which cannot be adequately discussed here. To simplify our task, it will be assumed as unimportant even if such a possibility does exist.

It is easier to dispense with the third possibility, especially in the case of France. It seems improbable that the factors which were working against economic growth in one period should suffer simultaneous transformation and permit growth in the next period, so that all forces, internal and external, are working together. This would be tantamount to a revolution. Social forces, of themselves, do not seem to change in a revolutionary manner, but are subject to slow transformation (if any) unless some outside factor accelerates this transformation.

The second possibility seems to fit the facts more closely. It appears more realistic to assume the priority of external forces as the motivating factor inducing changes in the internal structure. This helps to explain the consequent stresses and strains engendered when two sets of forces are in conflict: the external forces promoting economic growth; the internal forces preventing economic growth. It is obvious that such stresses and strains permeate the French economy. They would have been mitigated had the external and internal forces been in harmony. This leads us to formulate the second principle proposition put forward in this essay: that very little economic growth (if any) would occur in France if her economy was isolated from the rest of the world; the main impetus, therefore, behind French economic growth must have come from outside, especially in the post-war period.³⁷

The two most important external forces were, firstly, World War II, and, secondly, the rapid economic growth in the rest of the world, especially in the United States and other major industrial nations. The two are, in a sense, connected because World War II was a powerful force for accelerating economic growth, especially in the case of the United States, which did

37. "In France . . . industrialism edged in only gradually, a foreign invention that had to force its way against conflicting institutional patterns. It came slowly and with real strains." Sawyer, *op. cit.*, p. 305.

"If (France) has been slower than other countries to accept mechanical progress, it was because machinery displaces her precious artisan tradition. If she responds at all to the demands of the age of mass production, it is from necessity, and not with the alacrity and ease manifested by Germany and America." Siegfried, *op. cit.*, p. 9.

not suffer the destructive effects of war. The effects of the two forces on France, however, can be distinguished. But it is not possible to examine and discuss all their ramifications, and we will have to restrict ourselves to those which seem to be the most important.

War destroys human beings, productive capacity and social values. France, at the end of World War II, was faced with a depleted labour force; her factories, machinery, buildings, homes and transport system had been severely damaged; and four years of enemy occupation must have left their mark on the attitudes, beliefs and customs (which make up social values) of the people.

Although France lost many of her best men in World War II, her losses were not as great as those of World War I.³⁸ Nonetheless, industry and agriculture were faced with severe labour shortages which hampered the reconstruction of the economy and accentuated the shortages of food and raw materials. Moreover, the labour force was already depleted and ageing due to the pre-war decline in birthrates. But one of the most important changes in the post-war scene is to be found in population trends.

The early post-war years saw France's birthrate increase to a rate which was the highest for many decades, reversing the pre-war trend of a slowly-declining population into quite a rapid rise.³⁹ In the period under review the numbers lost during the war have been replaced, and more besides, so that France's population is at an all-time high. How far this change is due to the war is hard to establish. Many marriages were deferred because of the enemy occupation and the deportation of many Frenchmen to German labour and concentration camps. Thus, with their return, there was an initial increase in the number of marriages and a consequent increase in the birthrate.⁴⁰ But more important, the high birthrate continued, showing that there was a real and important change in fertility. This seems to indicate that there was some fundamental change in attitudes of French couples toward larger families.⁴¹ How far different forces were responsible for this change is difficult to determine. It has been a general phenomenon that after wars birthrates tend to increase, at least temporarily. Social services and other State encouragement to large families undoubtedly have something to do with the increase.⁴² Another explanation, put forward by the Woytinsky's,⁴³ is worth mentioning. This higher birthrate in the post-war period is common to most other countries in the Western world, which had suffered a decline in pre-war years. They suggest that the low birthrates in the pre-war era were a reaction against the very high rates of the early industrial period and that they were not an equilibrium or permanent rate. Post-war rates were a return, at first, to, a higher level due to the war,

38. See D. Kirk, *Population and Population Trends in Modern France*. In Earle, *op. cit.*, p. 320.

39. *Ibid.*, p. 313.

40. *Ibid.*, p. 322.

41. *Ibid.*, p. 323: Full employment as contrasted with pre-war years has led greater security; this must have had some influence on changed attitudes.

42. *Ibid.*, p. 323.

43. Woytinsky, *op. cit.*, pp. 154 fol.

and then to a fairly high, but more normal, level in the past few years. This seems to suggest that there is a birthrate (or fertility) cycle imposed upon the long-term equilibrium trend. Thus, the increase in post-war years is not entirely due to the war, except, perhaps, as an accelerating or time factor, but it is a return to a more normal or equilibrium rate. Ex-post this argument looks convincing, but needs further examination before it can be accepted.

Whatever the explanation, the results are important. The increasing numbers have put added pressure on France's resources. Economic need is always an incentive to increase output. It is, however, too early yet for the other side of the question to take effect, that is, an increase in the labour force through an increase in the number of youths entering the labour market. This means that, so far, the pressure to increase production has not been compensated by new labour, which will have a high degree of mobility and acceptance of technical innovation, thus permitting production to increase. The effects of the post-war increase in birthrates will only begin to be felt in this connection after 1960.⁴⁴ Although the demand side is already apparent, the supply position has yet to become evident. The result is that inflationary forces already prevalent, due to war damage and the legacy of pre-war stagnation, have been further intensified.

Leaving aside the question of reconstruction and modernisation of France's productive capacity for the moment, we turn to the question as to whether the war and five years of enemy occupation has led to changes in the basic attitudes of Frenchmen toward economic affairs. Up till very recently, the answer would probably have been in the negative, but, although it is still too early to be sure, there seems to have been signs of new enthusiasm from Frenchmen in the possibilities of their economy, mainly evident in a desire to invest on the home market, instead of hoarding their savings.⁴⁵ This may be only a temporary phenomenon and, in general, the demand for security predominates. Some even yearn for a return to the days of 1939 and before, which are considered the good old days—people have very short memories, especially in economic affairs.⁴⁶ It is still true to say that the family firm dominates the scene and, in the retail trade, French housewives have returned to their habit of treating shopping as a social entertainment rather than a duty. The corner shop, being the centre of a personalised trade, is bound to remain small and uncompetitive, as long as a housewife prefers to pay more for the pleasures of shopping for goods with local information and gossip provided as a sideline.^{46a}

The French economy remains uncompetitive in many respects. This

44. See *U.N. Survey*, *op. cit.*, p. 193.

45. See *The Economist*, Aug. 13, 1955 (p. 551), and *Time*, May 30, 1955.

46. D. Pickles, *op. cit.*, p. 66.

46a. The modern retail chain store of the Woolworths variety is not given a fair go, being taxed more heavily, but more important, the housewife dislikes shopping in such a store—supermarkets have the same drawback. "It is surprising how quickly the clogging up of this multitude of small outlets can back up the stream of merchandise until the very sources are dammed. Modern mass production demands turnover above all, and French retail trade turns very slowly." Landes, *op. cit.*, p. 343.

question will be examined in greater detail, in the next section; here it is interesting to note that the industry which is, perhaps, the most dynamic in France, is also the most competitive, namely, the automobile industry. This is an excellent example of the thesis that competition is one of the most important forces generating economic growth. It seems useful, therefore, to have a closer look at this particular industry.

There is a small number of fairly large automobile-producing firms in France, the main ones being Renault, which was nationalised at the end of the war; Simca, a public company which recently amalgamated with French Ford; Citroen, which is mainly owned and controlled by Michelin (the famous rubber and tyre firm); and Peugeot, which is still mainly a family firm. In the early post-war years the demand for motor cars was much greater than supply. Thus competition was not so strong. The simplest way in which competition manifests itself in the automobile industry is in frequently changing models—new styles, new technical features, etc., that is, through sales or quality competition rather than price competition. Now that supply seems to have caught up with demand, more new models are appearing on the French market from French manufacturers.

This industry is also an interesting example of the proposition that the main forces promoting economic change in France come from outside its frontiers. The home market is not large enough to absorb large outputs of mass-produced cars,⁴⁷ but the market in the rest of the world is exceedingly competitive. The industry must keep pace, therefore, with changes in the rest of the world if it is to survive.⁴⁸

The importance of the automobile industry in the modern world cannot be over-estimated. In common with other highly industrialised countries, this industry in France provides an example which engenders other enterprises to modernise their methods and their activities. Its rapid development can provoke the decisive impetus which will accelerate the growth of the French industrial economy. It has important ramifications throughout the economy. For instance, the construction of automobiles leads to ten times as much employment in related and dependent fields. There are 110,000 employed in French automobile construction itself and 1,100,000 in related fields. A proportion which is also found in the United States, where a million Americans work on the construction of automobiles and nearly 10 millions live directly or indirectly on the industry.⁴⁹ Thus the growth of

47. See Table 8, which might belie this statement. It must be remembered, however, that the five large firms mentioned above are the only, or nearly only, exporting firms. A large part of the home market is supplied by numerous small firms which produce hand-made or radically styled cars at a higher price, but satisfying the Frenchman's demand for individuality. The exports of Renault, the largest manufacturer of cars in France, are especially important—and they are, along with Simca and Citroen, the only truly mass-produced cars in France.

48. Strange as it may seem, it can be said that French automobile producers are more inclined to technical innovations than British producers. *The Economist* of Oct. 22, 1955, has an interesting article on this. It points out that the trend in France, however, has been away from standardization, while in England the reverse is true. It just happens that in the case of automobiles standardization is a conservative attribute, while distinctiveness is not. In this respect, innovation in the French automobile industry is still in keeping with the individualistic temperament of the French and paradoxically their traditions as well.

49. See *Hommes et Commerce*, No. 22, Oct., 1954.

this industry is an important indication of a country's economic growth. Unfortunately, even though this is a pilot industry, it does not follow that other industries will always accept its dynamic leadership.

The war did not change the old traditional attitudes of most businessmen and peasants. These attitudes have also persisted despite the example of a rapidly-growing world around France. The tremendous growth in the U.S.A., followed by the phenomenal recovery of Western Germany, have meant that France has still further fallen in the power race. Its tenuous position as one of the big powers is seen to rely more and more, in French eyes at least, on the holding of its empire. The majority of Frenchmen still do not believe that intellectual and ideological strength is not sufficient without economic strength in the modern world if one's country is to keep its international standing.⁵⁰

The war caused the loss of French foreign investments which were used to pay for it; it damaged her export industry and the damming up of tourist revenue. American aid was needed to bridge the gap while France rebuilt her export industries. But high costs have hampered these industries in the face of increasing competition on world markets. Besides the structure of French exports is unsatisfactory. According to the U.N. *Economic Survey of Europe*,⁵¹ "the structure of French exports prevents the picture typical of a half-industrialized country in its heavy dependence on exports of raw materials and food, while the commodity groups, which commonly predominate in exports from highly industrialized countries, are very weakly represented. . . . France is so highly dependent on imports of machinery that it is hardly a net exporter at all and, if trade with the French overseas territories is left out of account, France appears to be a net importer of machinery and to have only a negligible export balance in transport equipment."

The report continues by pointing out that "this export structure is one of the weakest points of the French economy. Exports of basic food and raw materials are more liable to price fluctuations than industrial manufactures, and livestock produce, processed food and textiles are difficult to sell in the face of protective measures in importing countries, in Europe as well as overseas. By contrast, export markets for engineering products are steadily expanding because industrialists in other countries, while limiting their demand for imports of textiles, increases the demand for equipment. These are precisely the products of which France has very small exports, and no net exports at all except to its overseas territories. As long as this structure of foreign trade prevails, the French economy will continue to be highly vulnerable to any adverse change in economic conditions in other countries

50. "This is a very hard world and . . . those finer things that are the pride of France and French civilization unfortunately weigh little in the balance of power. . . . In a new atomic world, time is the most strictly rationed commodity of all. Thus the urgent, the critical dilemma, which hangs over France today. To change and, in changing die; or not to change and risk a swifter death." Landes, *op. cit.*, pp. 352-353.

51. U.N. *Survey, op. cit.*, p. 187.

and stands to lose each time other countries make progress in their agriculture or industry.⁵²

Once more, however, the tourist industry is booming and France can again be said to be living on the tourist's pocket, plus, of course, American aid. Thus the impetus of a dynamic world not only comes up against the traditional attitudes of Frenchmen, but its force is diminished through the tourist who contributes to France's income without contributing to her economic growth. Necessity may be the mother of invention, but more important, it is the mother of innovation.

We can, now, turn to the major topic which we set aside in this section. That is the reconstruction and modernisation of France's productive capacity. This will be examined along with some other questions in the following section.

4. PLANS AND POLICIES

As Governments have played an ever-increasing part in a nation's economic affairs, it seems useful to devote a whole section to this topic. Here, we will be concerned with some of the plans and policies put forward by Governments, international bodies—such as the United Nations—and influential individuals, to remedy the defects of France's economy. One of our main aims will be to examine how far the French Government has succeeded in escaping its pre-war inability to carry out radical policies which would encourage economic growth.

(a) The Monnet Plan—⁵³

At the end of the war, France was faced with a gigantic task of reconstruction. What was left of her productive capacity was out of date and technically inefficient, due to the procrastination of pre-war years. Shortages, inflation, poverty, quota systems; in short, economic necessity finally convinced the French that, at the very least, a minimum of co-ordination was necessary if France's economy was to recover. The tenacity of an untiring individual, Jean Monnet, was also needed to impose on the Paris politicians the plan which bears his name.⁵⁴

Here was a man who realized the handicap to which France's economy was subject in this modern age by the technical backwardness of her industry and agriculture. The problem was not only to reconstruct war damage but to rebuild the structure of industry and re-equip and modernize it. Given the social framework, a near revolution was needed. A closer look at this plan and how it has been carried out will not be unrewarding.

One fact was clear at the outset, the re-equipment and modernization of industry was beyond the financial resources of individual firms. The Government, then, not only had to draw up a plan that would be in keeping with the individualistic outlook of Frenchmen; it had to finance it from

52. *Ibid.*, pp. 187-8. See Table 11.

53. See Ruggles, *The French Investment Program and its Relation to Resource Allocation*, in Earle *op. cit.*; D. Pickles, *op. cit.*, Ch. 15 and Bibliography.

54. See J. B. Christopher, *The Denication of the Bourgeois Spirit*. In Earle, *op. cit.*

resources which were limited by the saving and tax-evasion habits of the people. With restricted means and resources, M. Monnet drew up a plan—the First Modernization and Equipment Plan (*Le Premier Plan de Modernisation et d'Équipement*)—as it is officially known—which seemed to provide the best solution in the circumstances. It was directed towards basic industries which are indispensable for industrial expansion—equipment and producer-supplying industries such as coal, electricity, steel, cement, agricultural machinery and transports. It was particularly necessary to eliminate production bottlenecks in these industries.⁵⁵

The implicit idea behind this plan was that public investment in these basic industries would increase private income, which in turn would increase consumption of goods produced by transformation industries. This increased demand would increase the profits of these industries, thereby generating funds for self-financing of private investment (*autofinancement*).⁵⁶ M. Monnet had obviously heard of the multiplier.

The apparently most obvious weakness in the plan was that it would exert inflationary tendencies. The initial public investment was in industries which would not be immediately productive and would not increase the quantity of products for immediate consumption. The planners did not hide this fact, but they claimed that in the long run the investment would increase the productive capacity of the economy. Besides, it is hard to say how far this investment programme was responsible for the rapid inflation which characterized the early post-war years. As has been pointed out, "in all probability the French consumer became excessively liquid during the German occupation due to the shortages of consumer goods, and with the post-war readjustment, it is only reasonable that an inflationary period should have occurred irrespective of the investment level."⁵⁷

Inflation has always been a chronic feature of the French economy. It was made worse through pent-up demand due to the war restrictions, increasing population, social services, general under-production, and inadequate taxation all contributed. While Britain combated similar inflationary pressures by heavy taxation, austerity measures and rationing, with considerable success, such attempts failed in France. The outdated taxation system was unable to function in the proper manner, austerity conflicted too much with French temperament and rationing could not be carried out successfully in a nation of many small primary producers, where requisition was difficult and inspection and policing measures inadequate to prevent the emergence of a flourishing black-market.⁵⁸

It seems, however, that in one important aspect the plan was a failure. The multiplier mechanism just did not work. The large investments carried out in the basic industries have certainly brought them up to date and in-

55. We have already made some comments on this in Part I.

56. The plan takes into account the French businessman's preference for financing investment from his own resources.

57. Ruggles, *op. cit.*, p. 374.

58. See Preface to Dieterlin and Rist, *op. cit.*, p. x.

creased their productive capacity, but the hoped-for private investment in the other sectors of the economy did not take place to any great extent. This resulted in excessive productive capacity in the basic industries, since their output is directed toward supplying other producers, whose demand for equipment, transport and energy did not increase sufficiently. Somewhere along the line there was a break in the circular flow. Most of the criticism levelled against the First plan has been because of this failure.⁵⁹

The First plan ended in 1952 and there was a lapse of two years before the Second plan was presented in 1954. This interval, it has been suggested, suffices to show that in France the plan is not an intrinsic factor in economic policies; that it is, in some respects, a superimposed organon, the rôle of which seems more a justification of what has happened than some clearly-defined, preconceived policy of action.⁶⁰

The Second plan is an attempt to readjust the balance and force the pace in those industries which are lagging in the re-equipment and modernisation programme. It implicitly accepts the failure of the self-financing principle and is directed towards improving agricultural production, the modernisation of transformation industries and the development of building construction. The second principle behind the plan is that this expansion must be carried out without inflation. This is easier than in the first case because it is concentrated on immediately productive investment, thus supplying consumer demand. It was all the more necessary because the financing of the plan was to be based on private savings, and the best way to obtain private savings is not to frighten the potential saver by inflation.⁶¹

The main difficulties confronting this plan are the old legacies of limited mobility of manpower and a certain attitude of restriction and pessimism. "This attitude tends to colour the outlook not only of French investors and industrialists, but also of industrial workers and civil servants, and where it prevails, measures of protection come to look more attractive than measures of modernisation, and measures of modernisation are less repelling than measures of expansion."⁶² It is obvious that French governmental planning is handicapped by, first, the weakness of French Governments, and, secondly, the traditional attitudes of the French people. Until a strong Government emerges or the attitudes change, France's economy will always be at a disadvantage in trying to keep pace with modern developments. It might be thought that one force which would lead to a change in these attitudes is that which would threaten France's economic and political entity. But these attitudes are so persistent that wars and foreign pressure so far have failed to influence them to any great extent.

The Monnet Plan was certainly successful in what it attempted; in that,

59. *Perspectives*, No. 36, Octobre, 1954, p. 2: Perhaps this is a short-run criticism. There appears to have been a longer lag in secondary effects than expected. Recent rapid increases in output and present developments seem to indicate that the secondary effects have taken hold. It is debatable how far changes in the second plan are responsible.

60. *Ibid.*

61. *Ibid.*

62. *U.N. Survey*, op. cit., p. 189.

at least, it achieved its primary objective of modernising the equipping the basic industries, but its secondary objectives were not achieved. As Dorothy Pickles⁶³ points out: "It sets out to achieve the modernisation of the French industrial and agricultural systems without resorting either to dictatorial compulsion or to wholesale collectivisation. The individualist foundation of French life has been left intact—too much so in the view of some." The plan's complete success was thwarted by the failure of French businessmen to co-operate voluntarily. It may, then, be asked whether any plan could be successful in France without resorting to dictatorial compulsion or to wholesale collectivisation? In the following sub-section we will see whether this question can be answered.

(b) Some Other Policies

A dynamic individual appeared on the French scene for a short while. He, at least, left his name for the history books because of certain achievements in international politics, but he was unsuccessful in what he considered his main task—the revitalization of the French economy. Pierre Mendès France is one of those rare individuals who, convinced of his mission, goes all out in an attempt to put it into effect. If he failed it was because tradition is stronger than innovation, security more attractive than risk, protection more appealing than competition.

Mendès-France's main aim in the economic field was to place France's economy in a more favourable position to face international competition. It was not sufficient to encourage businessmen to invest; more important, firms must be completely reconstituted and marginal firms eliminated. For this, it is not enough just to watch over private investment—public investment must be directed towards those sectors of the economy which need to be transformed and reconstituted.⁶⁴ It appears from the limited literature available that the intention was to make the French economy more competitive by eliminating inefficient firms and protective and restrictive practices. "Although gradual steps towards liberalisation of imports and reductions of internal subsidies may be beneficial as part of an integrated programme of industrial expansion, they run the danger, if applied in isolation or too suddenly, of benefiting mainly the foreign exporter at the expense of those parts of French industry which are most in need of strengthening—that is, industry in the underdeveloped regions."⁶⁵

It is unfortunately true that many people in France would suffer if competition was suddenly unleashed on an economy which has for so many years been bolstered up by protective and restrictive practices. It is undeniable that in the long run competition is a powerful force for economic growth. But M. Mendès-France fell because he wanted to go too fast and too far, risking and jeopardizing the fate of many who support the majority of deputies in the French Parliament. Even if he had tried to go more

63. D. Pickles, *op. cit.*, p. 256.

64. *Perspectives*, *op. cit.*

65. *U.N. Survey*, *op. cit.*, p. 190.

slowly, once his policy was known the result would have been the same. The need for a strong Government is again apparent. Any economic, political, or social change, whether radical or not, cannot be carried out in France in the present political system.⁶⁶

We will conclude this sub-section with a brief examination of the recommendations put forward in the U.N. report. The main thesis seems to be that if France's economy is to advance then there must be a modernization of the agricultural field with a consequent transfer of capital, and especially labour resources from agriculture to industry. That is, the agricultural revolution—common to all advanced economies—whereby surplus capital and surplus labour is transferred or unleashed for industrial expansion, must be encouraged.⁶⁷ The only realistic alternative open to France is to reduce its agricultural force through more extensive patterns of production mechanization replacing labour—or to continue to support large numbers of high-cost marginal producers. The latter solution “implies that the growth of French industry should continue to be hampered, by at best, a slow expansion of labour supply and by the financial burden imposed by the subsidization of agriculture.”⁶⁸

The difficulties behind the two basic proposals of expanding industry and modernising agriculture lie not only in shifting surplus labour from agriculture, but more important, in guiding labour in the desired direction. “The tendency has always been for net internal migration to be towards Paris and a few other prosperous towns. But what is needed is a movement of labour toward the sparsely-populated and backward regions in which essential development of new industries is handicapped by lack of suitable manpower.”⁶⁹ In the absence of dictatorial compulsion the sorts of measure required to encourage such movements “are good advisory services, the subsidizing of transport, the provision of temporary lodgings, and of course a suitable housing policy.”⁷⁰

The *U.N. Survey* concludes that there are “four main deficiencies of the economic structure of France: agricultural backwardness, insufficient industrialization, regional unbalance and a weak export structure. All are fundamental weaknesses in the economy. To some degree they interact on one another in a vicious spiral. . . . Hence, policies for overcoming these deficiencies risk being frustrated unless they are conceived as an integrated

66. It is often argued that France is a country of extremes—either she has a dictator or no government at all. Yet the Frenchmen's political passion is the middle road. In fact, he is always looking for ‘le bon milieu.’ He is too suspicious of strong governments, however. His mind is coloured by memories of Bonapartism and Fascism (Vichy), so that perforce he goes to the other extreme and does not find ‘le bon milieu.’

“There is unfortunately a sound basis for the clever commentary on French idiosyncrasies: ‘One Frenchman: an intelligent man. Two Frenchmen: conversation. Three Frenchmen: an awful mess.’ (This is contrasted to ‘One Englishman: a good fellow. Two Englishmen: sport. Three Englishmen: The British Empire.’) Siegfried, *op. cit.*, p. 14.

67. As Ruggles, *op. cit.*, puts it (p. 378): “France must make up its mind whether it wants to keep a large peasant class or is willing to take its place among modern industrial nations.”

68. *U.N. Survey*, *op. cit.*, p. 193.

69. *Ibid.*

70. *Ibid.*

whole, in which measures for industrial expansion, agricultural rationalisation, regional balance and a strengthened export structure mutually support and give momentum to one another. At the same time, it will be necessary to secure a suitable flow of labour and capital into the key sectors of the economy."⁷¹ Present policies in France are criticised as laying too much emphasis "on the negative aim of avoiding further concentration of industry in and around Paris. The policies do not appear to be part of an integrated scheme to solve the problem of the under-developed regions of France as a whole."⁷²

To conclude this section we will turn to a Plan of another kind. The most ambitious attempt yet made to break down national barriers to enable a greater amount of economic co-operation between nations and thus benefit consumers generally by a more rational utilization of resources. The next sub-section, then, will be devoted to the Schuman Plan.

(c) *The Schuman Plan*⁷³

In the atmosphere of liberation and relief that the war was over, a new enthusiasm arose in Western Europe and especially in France, for proposals to integrate the divided National States so that any thought of war between them would be impossible. This circumstance, combined with the planning genius of M. Monnet and the statesmanship of M. Schuman, "brought about a near miracle of loosening the grip of National State power—and thus of national interest groups—on an important area of economic life."⁷⁴ In brief, this explains how the European Coal and Steel Community was born. It was intended as the first stage in the building of a United Europe and is another example of the French capacity to conceive brilliant new plans and policies. Its relation to French and European economic growth is not without interest, and, although we cannot give much more than a brief outline⁷⁵ of the plan and how it has worked, it seems that a discussion of it will not be misplaced.

The forces behind the Schuman plan were economic rather than political, but the forces which led to its acceptance were political rather than economic. It is not a real criticism to suggest, as was done by Reynolds,⁷⁶ "that the French pre-occupation was political rather than economic," and that the "proposals for political machinery were comparatively precise, while the economic ideas were nebulous and were stated to be a means to political ends."⁷⁷ It may have been that the first aim of the statesmen "was to eliminate the age-old opposition of France and Germany and to make any war between the two countries not merely unthinkable, but actually impossible, and the second to pool basic production and institute a new

71. *Ibid.*, pp. 194-5.

72. *Ibid.*, p. 195.

73. See Bibliography.

74. Mendeshausen, 'First Tests of the Schuman Plan,' *Rev. Es. Stat.*, Nov. 1953, p. 272.

75. For more details the articles by Zawadzki, Reynolds and Mendeshausen can be consulted.

76. Reynolds, 'The European Coal and Steel Community,' *Pol. Quart.*, July-Sept., 1952, p. 282.

77. *Ibid.*

higher authority with binding executive powers in order to build the first concrete foundation of the European federation which is indispensable to the preservation of peace."⁷⁸

The circumstances of the time lead political aims to be stressed since people were more likely to be impressed by plans for preventing war than by plans which might bring material benefits in the economic field only in the long run. But the survival of the community no longer depends on the political aims but rather on economic factors. As *The Economist*⁷⁹ points out, "the community will not develop as M. Monnet and others hoped unless the Governments of the Six decide to yield additional powers either to existing institutions or to similar ones. Furthermore, so long as each measure has to be justified on its own merits rather than accepted as part of something bigger, it will become harder and harder for the High Authority to take new steps to unify the common market. But although without new decisions the work of the High Authority will undoubtedly become increasingly routine, the Coal and Steel Community is now too solidly based to disintegrate." It will continue to work whether or not further integration schemes are brought into effect or not. With these opening comments we will drop any further reference to the political side of the problem and will set aside plans for further European integration to concentrate on the economic aims of the Schuman plan and how they have been fulfilled.

"The economic purpose of the European Coal and Steel Community is to concentrate production of coal and steel in the most efficient units and to co-ordinate the operation and development of these industries so as to ensure that resources are not wasted by inefficient producers."⁸⁰ National barriers have led to distortions in European coal and steel industries, which in the long run have meant higher prices and waste of resources. For instance, France has large reserves of high-grade iron ore in Lorraine, but only poor coal—especially coking coal—resources. Germany, on the other hand, has high-grade coking coal and low-grade iron ore. With tariff barriers and national discrimination, poor coal was used in France and poor iron ore used in Germany for the respective national industries, with the result that inefficient resources were used and prices were correspondingly higher. Without international barriers the natural development of the coal and steel industries in France and Germany would be complementary rather than discriminatory. Thus the idea of a common market for these industries was conceived, which was to be established by sweeping away all trade barriers and discriminations inside the community made up of six nations: France, Germany, Italy, Belgium, Holland, and Luxemburg. Ultimately, it was hoped that all would benefit from cheaper prices and more efficient use of natural resources.

In theory the market is to be competitive, with freedom of entry

78. *Ibid.*

79. *The Economist*, August 13, 1953, p. 553.

80. Zawadzki, 'The Economics of the Schuman Plan,' *Ox. Ec. Pps.*, June, 1953, p. 157.

and equality of treatment, while monopolistic domination is to be prevented.⁸¹ It will not be completely free competition since in depressed or difficult times the High Authority, which was set up to supervise the common market, will have the power to regulate and prevent unfair practices. This mixture of regulation and competition have led some to think that the Community is based on free competition and *laissez-faire* ideologies and others to think it is based on collective ideologies. Without going into this, it does seem true that the old theory of free competition is still influential. But the lack of freedom of entry does not mean that competition is non-existent, especially in the steel industry, where modern mass production techniques and large-scale enterprises are the rule. Competition, in the sense we have used it, seems just as effective, if not more so when there are, say, five large firms and no freedom of entry, than when there are many small firms and freedom of entry, provided, of course, there is not complete and strict collusion or cartel agreement between the firms. It is, however, to be doubted whether competition can be planned or directed let alone imposed on a community.

The Community is now three years old and *The Economist*⁸² sums up the achievements as follows: "By the end of the first two years, the common markets for coal, coke, iron ore, scrap, steel, and special steels had all been established, intra-community trade in these products was increasing, steel production had recovered, productivity in coal mines was rising, albeit slowly, and prices were reasonably stable. The United States Government had expressed its confidence in the soundness of the new Community by loaning it \$100 million, and although little progress had been made on the difficult problems of making the common market competitive and rooting out the less obvious forms of discrimination and distortion, the record of achievement was a good one. "The record of the last year is more mixed. The economic indicators all still show that the common market has had a healthy influence on production, trade and prices. But what might be called the psychological indicators have been more wobbly." That is, the further growth of the Community is being restricted by the loss of enthusiasm for further European integration. As was to be expected, it had difficulty in solving the problem of cartels. It has made good progress toward eliminating frontier charges and transport discrimination. A slow decreasing of subsidies for inefficient and costly firms is being carried out successfully as these firms either reduce their costs or are closed down, although this has not been carried out during the transition period envisaged. As is often the case, the transition period has become more lengthy and the problems more difficult than had been foreseen. But although much remains to be done, what has already been achieved is no mean feat.

It would seem that the plans and policies we have discussed in this section show that Frenchmen are capable of conceiving radical and often

81. *Ibid.*

82. *The Economist*, *op. cit.*, p. 552.

brilliant projects and solutions to their economic problems, but, unless there are favourable circumstances such as arose immediately after the war and which are generally of short duration, Frenchmen find difficulty in carrying them out. We might agree with Andre Siegfried, then, when he says, "The French love creation above everything, but they have no comparable interest in further application; they sow, while others reap."⁸³

5. CONCLUSION

In this essay we have not tried to develop a theory of economic growth, nor have we attempted to apply any theory to the special case of France. Rather, it seems that the French case would show that general theories of economic growth, while admirable pieces of theoretical and abstract reasoning often have no practical application. What we have tried to do is examine economic growth in a particular period, and in a particular national and social setting, with the aim of showing the sort of analysis which can be made in a special case. Different periods, nations and social settings may and will require a different analysis, but the things to look for may be similar and common to all, and the way to go about it, also, even if they work in opposing directions. In particular we have attempted to show that economic growth cannot simply be explained in economic terms. To neglect the social framework, it is suggested, is to neglect the most important. If we have succeeded in convincing the reader of this, then our aim has been achieved.⁸⁴

*"They had their moments of humiliation and despair and of transcendent pride, but there was nothing apathetic or standardised about either mood. Both were part of belonging to 'la grande nation,' whose grandeur lay most of all in the constant self-renewal, self-examination and ferment by which France produced ideas where others built machines."*⁸⁵

83. Siegfried, *op. cit.*, p. 8.

84. It appears from a Book Review in *The Economist* of Oct. 8, 1955, that W. Arthur Lewis has published a *Theory of Economic Growth* going much further afield than that which this essay has barely scratched. "Here are certain institutions, here the attitudes and beliefs which have given rise to them; behind these again the interplay of earlier institutions, earlier beliefs and attitudes, material conditions, natural settings. These favour, hamper, or variously shape economic growth, and economic growth reacts on them in time, altering environments, institutions and morality itself. There are no predestined grooves to be followed."

85. *Sydney Morning Herald*, Saturday, Oct. 29, 1955, p. 11: Review by Collin Bingham of Books of the Week, *The French in a Mess*.

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STATISTICAL APPENDIX

TABLE 1

AVERAGE ANNUAL BIRTH RATES IN FRANCE, 1841-1950
(per 1,000 inhabitants)

1841-45 ..	28.3	1911-14 ..	18.8
1851-55 ..	26.2	1920-25 ..	19.7
1861-65 ..	26.7	1926-30 ..	18.2
1871-75 ..	25.9	1931-35 ..	16.5
1881-85 ..	25.0	1936-40 ..	14.7
1891-95 ..	22.6	1941-45 ..	15.3
1901-05 ..	21.6	1946-50 ..	21.0

TABLE 2

ESTIMATES OF TOTAL POPULATION, FRANCE (thousands)

1937 ..	41,200	1943 ..	38,500	1949 ..	41,602
1938 ..	41,170	1944 ..	38,300	1950 ..	41,944
1939 ..	41,300	1945 ..	39,100	1951 ..	42,238
1940 ..	39,800	1946 ..	40,318	1952 ..	42,545
1941 ..	38,800	1947 ..	40,743	1953 ..	42,860
1942 ..	38,700	1948 ..	41,212	1954 ..	42,775 (Census)

TABLE 3

INDEX NUMBERS OF EMPLOYMENT EXCLUDING AGRICULTURE, 1948 = 100

1937 ..	93	1950 ..	102	1953 ..	104
1938 ..	95	1951 ..	105	1954 ..	105
1948 ..	100	1952 ..	105		

TABLE 4

INDEX NUMBERS OF INDUSTRIAL PRODUCTION, 1948 = 100
(France, excluding Sazr)

	General	Mining	Manufacturing	Gas-Electricity	Construction
1937 ..	98	—	—	68	86
1938 ..	90	106	103	70	81
1948 ..	100	100	100	100	100
1950 ..	111	119	110	114	100
1951 ..	125	129	125	127	107
1952 ..	131	142	130	133	111
1953 ..	127	137	126	135	110
1954 ..	134 (a) 145 (b)	145 (a) 143 (c)	132 (a) 135 (c)	157 (a) 158 (b)	91 (a) 122 (c)

(a) January, (b) November, (c) September—1954.

TABLE 5

PRODUCTION FIGURES OF SOME REPRESENTATIVE INDUSTRIES
(Monthly Averages)

	Coal (a)	Iron Ore (a)	Pig Iron (a)	Crude Steel (a)	Motor Vehicles (b)	Electricity (c)
1937 ..	3,696	3,153	660	660	—	1,514
1938 ..	3,875	2,754	505	518	15.20	1,548
1948 ..	3,608	1,918	553	603	8.34	2,297
1950 ..	4,237	2,499	653	721	21.44	2,623
1951 ..	4,414	2,934	737	820	26.16	3,004
1952 ..	4,614	3,392	823	906	30.83	3,202
1953 ..	4,832	3,531	730	833	31.75	3,243
1954 ..	4,775	3,535	685	814	31.75	3,710

(a) thousands of metric tons, (b) thousands, (c) millions of K.W.H.

TABLE 6
ESTIMATES OF NATIONAL INCOME

(1,000 Million Frs.)		
1938 ..	360	1948 .. 5,430
1946 ..	2,596	1949 .. 6,539
1947 ..	3,303	1950 .. 7,117
		1951 .. 9,160
		1952 .. 10,310
		1953 .. 10,470

TABLE 7
MARKET PRICES OF INDUSTRIAL SHARES—INDEX NUMBERS, 1948 = 100

1937 ..	8	1954 Jan. ..	163
1938 ..	7	Feb. ..	160
1948 ..	100	Jul. ..	198
1950 ..	89	Aug. ..	217
1951 ..	106	Sept. ..	231
1952 ..	137	Oct. ..	240
1953 ..	147	Nov. ..	266

TABLE 8
PRODUCTION, IMPORTS AND EXPORTS OF PRIVATE CARS

	Monthly Average				1954			
	1938	1952	1954 (a)	1954 (b)	Oct.	Nov.	Dec.	Jan.
Production ..	15,200	30,831	36,425	36,186	37,375	37,629	43,879	41,275
Imports ..	—	648	643	757	613	539	586	548
Exports ..	—	6,896	8,408	7,585	7,413	8,696	7,692	8,662

(a) First Quarter, (b) Second Quarter.

TABLE 9
AGRICULTURAL PRODUCTION (Millions of Metric Tons)

Commodity	Average						
	1934-38	1949	1950	1951	1952	1953	1954
Wheat ..	8,150	8,100	7,700	7,120	8,420	8,980	10,520
Barley ..	1,050	1,450	1,550	1,660	1,730	2,240	2,520
Oats ..	4,550	3,250	3,300	3,690	3,350	3,660	3,510
Maize ..	550	200	400	690	480	800	870
Rye ..	770	650	610	490	480	470	540
Rice ..	—	20	40	70	90	70	65
Beetroots—							
Industrial ..	8,800	9,600	13,600	11,830	9,500	12,540	11,450
Fodder ..	33,100	24,550	38,900	35,320	28,100	35,990	37,800
Wine (a) ..	62.5	42.9	65.1	52.9	53.9	59.1	58.5

(a) Millions of hectolitres.

TABLE 10
RELATIVE INCOME LEVELS IN AGRICULTURE AND INDUSTRY
(Agricultural levels as percentage of industrial levels)

	France	West Germany	Italy	Netherlands	U.K.	U.S.A.
Net Production Per Head (at factor cost) ..	50-70	50-80	50-70	88	—	52
Average Hourly Earnings ..	60	60	40-60	85	75	—

TABLE 11
EXPORTS FROM FRANCE, THE U.K. AND WESTERN GERMANY IN 1953

	Exports and Net Exports (a) (Millions of Dollars)						Exports as Percentages of Total Exports			
	France (1)	(2)	West. Germany		U.K.		France (1)	(2)	W.G.	U.K.
Machinery	382	219	1,244	1,594			10	10	38	22
Net Exports	153	-108	1,138	1,304						
Transport Equipment	255	125	429	1,043			7	5	10	14
Net Exports	159	29	409	903						
Other Metal Manufactures	110	44	228	410			3	2	5	6
Net Exports	91	25	219	382						
Steel	478	396	335	378			13	17	8	5
Chemicals	284	185	477	497			8	8	11	7
Textiles	462	229	216	913			12	10	5	13
Other	466	241	611	871			12	10	14	12
Food	469	222	112	437			12	10	2	6
Fuel & Raw Materials	720	603	723	836			19	27	17	12
Miscellaneous	158	35	4	251			4	1	—	3
TOTAL	3,784	2,299	4,389	7,230			100	100	100	100

(1) Total, (2) Total excluding affiliated territories, (a) Exports f.o.b. less imports c.i.f.

TABLE 12
AGRICULTURAL LABOUR FORCE AS PERCENTAGE OF TOTAL LABOUR FORCE

France (1946)	U.K. (1949)	Australia (1949)	Canada (1940)	U.S. (1949)
36%	5%	16%	26%	13%

TABLE 13
PER-CAPITA GROSS NATIONAL PRODUCT BY MAJOR COMPONENTS IN FRANCE, U.K., AND WESTERN GERMANY, 1952—IN COMPARABLE UNITS

	Gross National Produce 100			France 100	
	France	U.K.	Western Germany	U.K.	Western Germany
G.N.P.	100	100	100	126	97
Private Consumption	73	71	66	123	87
Investment	12	13	24	143	197
Of which:					
Gross Fixed Capital Formation	13	14	19	136	140
Civil Public Expenditure	5	4	5	90	93
National Defence	10	12	5	151	49

SOURCES

TABLES 1 and 12 from W. S. WOYTINSKY and E. S. WOYTINSKY, *World Population and Production* (20th Century Fund, New York, 1953).

TABLES 2, 3, 4, 5, 6, 7 from U.N. *Monthly Bulletin of Statistics*, Feb., 1955.

TABLE 8 from *Bulletin Mensuel de Statistique Industrielle*, Mars, 1955 (Ministère de L'Industrie et du Commerce).

TABLE 9 from *Etudes et Conjoncture*, No. 1-2, Janvier-Fevrier, 1955.

TABLES 10, 11 and 13 from *Economic Survey of Europe in 1954* (United Nations: Department of Economic and Social Affairs, Geneva, 1955).

Review Article

WAR ECONOMY 1939-1942. By S. J. Butlin. (Australian War Memorial, Canberra, 1955.) Pp. xvii plus 516. 25/- Aust.

By F. R. E. Mauldon

Of the 22 volumes planned to cover the official history of Australia in the War of 1939-1945, five were to embrace the history in its civil, as distinct from its army, navy, air and medical aspects. Of these five, two were to cover the War Economy, and the task of writing them was allotted to Professor S. J. Butlin, Professor of Economics in the University of Sydney. His first volume, covering the developments of the War Economy from 1939 to the end of 1942, has now appeared in print.

It may be said at once that this first volume shows great skill in a task of difficult analysis and synthesis. The structure of the volume represents (in the author's words) "an uneasy compromise between chronology and clarity." It had to be historical narrative and therefore pay due regard to the sequence of events, decisions at top-level, and changes in the tones of response in the population as a whole and its component sectors. But, because the purpose was to portray the developments in a totality called "war economy" it was necessary to carry each segment of the story some considerable distance before it made sense, each of the sectional developments being "taken up roughly in the order in which their subjects demanded serious government attention," and then to show how they fitted together.

This involved a number of overlying narratives and an exacting task of synthesis. It required of the author a fine sensitivity to what was or was not really significant to the totality in the mass of details brought to his attention, and bold judgment in selection or rejection. Some readers who themselves were right in the heart of the situations and controversies of the period are doubtless in the position to shake their heads knowingly over this or that important omission; but few, if any, would be in the position to combine, better than the author has done, the facts important for the synthesis. Any reader must keep his wits sharp as he follows the overlying narratives. But the author's skill aids the reader in seeing how they fit together and the reader quickly finds himself absorbed in an enlivening story.

How ready was the Australian economy to face the demands of war in September, 1939? This question provides the theme not only in the first chapter but also, in an important sense, the theme of the whole volume. There were certain surface indications of unpreparedness but the deficiencies

of planning in advance really reflected unreadiness in attitudes of mind. The Australian unreadiness seen in isolation may seem to merit adverse judgment in retrospect, but, as the degree of it was the measure of the preponderant absorption with peaceful pursuits, it was not an unreadiness about which the historian need express shame. Moreover, Australia's degree of unreadiness requires to be compared with that of other countries and this the author does not attempt to do.

Professor Butlin states that "between the end of the War of 1914-18 and the Imperial Conference of 1937 it is not easy to find any evidence that Australians had any conception of the economic implications of a new war." The Conference of 1937 did provide our official representatives an opportunity to assess at close quarters the deterioration in international relations and the reality of the threat of war. The Conference at least produced a definiteness of purpose and precision of action within Australia in the months that followed to ensure raw material supplies (especially foods) to the United Kingdom in the event of war. The reality of war, however, was to find much left undone.

On the side of munitions production, Australia was expected to have its own extended programme in order to relieve strain on the United Kingdom and to avoid undue dependence upon precarious shipping in time of war. And so a scheme was formulated to provide for some 21 armament annexes associated with State Government undertakings and private factories. By contrast with the development of munitions production, that of aircraft lagged behind. Although the Commonwealth Aircraft Corporation, initiated in 1936 (at the instance of Mr. Essington Lewis) to manufacture aircraft and engines, started in production in 1937, completion of the first small supply of "Wirraways" was held up for two years by paralysing delays in raw materials and unsatisfactory contract agreements with the Government.

On the side of primary products for the United Kingdom, by mid-1937 the British and Australian Governments had reached substantial agreement or understanding on the sale of the whole wool clip and of the export surplus of Australian meat, dairy produce, eggs, dried and canned fruits, sugar and base metals. The United Kingdom made quite clear, however, its attitude to other Australian exports. It could give no undertaking to buy all available supplies of Australian wheat and barley and could make no arrangements whatever for the purchase of wine, apples and pears.

Additional to those directly stemming from the Imperial Conference of 1937 there were other elements of defence planning in 1938-39, notably in the investigation activities of the Principal Supply Officers' Committee of the Defence Department. These reached into a wide variety of local industries which could be supposed to have a present or extended capacity to meet service demands, even to the extent of complete import replacement. But it was evident that these piecemeal if spreading departmental

enquiries were probing "far-reaching questions of the overall capacity of local manufacturing industry, methods of promoting new industries, general industrial expansion, control of the use of materials, including especially their export, delicate questions of industrial relations, and so on."

Realisation of the need for more comprehensive machinery for coping with these problems, though not of the real difficulties they were later to present, was the precursor of the Supply and Development Bill and the National Registration Bill presented to Parliament in May, 1939. Foresight at this stage required two complementary instruments in readiness for looming war—a special Department of Supply and Development to marshal the material resources of the nation and National Registration to allocate its labour resources.

The hostile reception of the National Registration Bill by the Parliamentary Opposition, the partial sabotage of the Man-power Register itself when taken late in 1939, and its relative ineffectiveness by the time its results had been analysed in mid-1940, were all evidence of the lag in preparedness. Not that the problem of man-power in the event of mobilisation had not given concern to the Defence Department in 1938. The idea of a national register took shape as attempts were made to produce a list of occupations which would be 'reserved' for the manning of industries of key importance. It was Major-General Blamey, as Chairman of the Man-power Committee in the Defence Department, who foresaw clearly the need of a balanced distribution between the requirements of the forces and of industry and pushed strongly for a compulsory register of man-power. However, the National Man-power Register as an administrative instrument did not prove to be as useful as was anticipated even when ready in 1940. Meanwhile the list of Reserved Occupations, adopted on the eve of war for provisional application by man-power officers, served as an emergency device for preventing indiscriminate enlistment of skilled workers, mainly with the purpose of reserving a proper share for munitions.

Following the decisions of the 1937 Imperial Conference, Australian present and future plans were to be recorded in a volume known as the Commonwealth War Book. The Book was designed by the Defence Department which saw the problem of "national planning" as essentially one of drawing threads together in readiness for the emergency of war and of preventing sectional planning from getting out of hand. Professor Butlin makes clear, however, that this centralising of Co-ordination in the Defence Department itself was unable to restrain other departmental planning or the development of more independent consideration of national problems, as represented, e.g., in the work of the Financial and Economic Committee. Moreover, the general character of planning in the War Book rested on the assumption that the "lessons of 1914-18" should be the main guide. The Book was never completed and even before war broke out was becoming irrelevant. "Accepted policy as embodied in the War Book," says Professor Butlin, "had virtually nothing to say about the

economic problems of war except where they appeared likely to be the same problems as those of the earlier war."

While, therefore, it would not be fair or true to assert that there were not many elements of planning for war in Australia before September, 1939, the degree of actual preparation was not far advanced. Mental attitudes on governmental and high administrative levels, as well as in different sections of the community, were diverse in their degrees of readiness, but by and large not receptive to the changes that were to be forced upon them in the middle and later stages of the war itself.

The conspicuous gaps and the obsolete assumptions in the War Book indicated that planning had not reached a definitive paper form when hostilities came. Usable data from the National Register were not ready, neither was there a man-power organisation beyond the first step of man-power officers applying a tentative list of reserved occupations. Aircraft production was still in an elementary stage, as was munitions production. No war budget existed and a peace budget designed for peacetime commitments had to serve. The vigorous implementing of the pre-war plans for export contracts and pressure for ships to carry the exports, the excited efforts to conserve overseas markets for products not covered by contracts, the discussion constantly of wartime policies in terms of their effects on employment, the acceptance of modest tax increases as though they were disastrous—all these and other evidences of a predominant "business as usual" mentality clearly indicated the general unreadiness for the war.

The foregoing comments on the degree of pre-war preparedness may suggest an over-stress in the review of a history which takes the story to the end of 1942. But Professor Butlin himself shows that the initial reluctance in Australia to accept adequate adaptation of the economy was not completely dispelled by the end of the second year of the war. By the opening of 1941 Australia's war economy had "something of the appearance of a jig-saw puzzle barely commenced. Individuals and organisations were busily at work on small, mainly unrelated, sections. Whether they would all fit together in the end was not yet a serious question, and in any case the full pattern was still uncertain." Professor Butlin as an historian makes no pretence that foresight can ever be as clear-eyed as hindsight. But he does point to the dragging weakness which would undoubtedly have hindered adaptation even if foresight had been much clearer, namely, the public unwillingness to accept economic sacrifices.

Most of the fifteen chapters of the book deal with the major areas of the jig-saw puzzle. Each focuses upon a particular type of problem but with attention to its interlinking with the problems of other major areas and with those of the economy as a whole. Price control, exports and the organisation of primary production, shipping, external finance and trade, governmental finance in the Budget, the control of labour (with the creation of the Department of Labour and National Service), the com-

plexities of supply in the face of insistent pressure of demand for war needs, transport and coal—these are the major areas examined.

Price control—the first control to be fully developed administratively and to be made effectively operative—attained its objectives to a high degree during the first two years. This was because (apart from the choice of an experienced economist, Professor D. B. Copland, as Prices Commissioner) there was the combination of “a fairly easily manageable price problem, an approach which looked at other controls for basic support, and a setting of attainable rather than ideal standards of control.” The obstacles to restraint upon prices were to become more acute in 1943 onwards. The system set up by the Commissioner meant the establishment of a smoothly-running price control, accepted by business and the consumer. It also “permitted the establishment, not merely as an initial plan but as an operating principle, of the doctrine that among the major forces controlling prices must be: general finance, monetary policy, labour and wage controls, external trade policy, and similar instruments, with price control in the narrow sense operating within the framework set by these.”

The problem of working out a policy appropriate to war conditions in the field of exports was accompanied by many strains. Early policy was basically the continuation of traditional Australian policy of selling what could be sold to the best advantage or offsetting the effect of loss of markets. For those primary industries which had the assurance of bulk purchases by the United Kingdom the chief problems as seen by the Australian Government were the making of the best possible terms and the creation of the organisation necessary for the execution of contracts. For those products the markets for which had been sharply curtailed by the conditions of war the problem was seen as the effort to retain as large an export market as possible and to sustain the industry in its difficulties. For the small group of commodities which could be sold abroad without difficulty at advanced prices, but an important part of the output of which was required to supply local war production, the problem was to resolve the conflict between the desire to receive the highest possible export income and the desire to meet local war needs at moderate prices.

Associated with these difficulties were those of shipping and of export control as part of the control of oversea finance. Professor Butlin's chapter on shipping is one of the most complicated parts of his whole story and is handled with great skill. The core of the problem lay in the disposal of ships in wartime at the discretion of the British Government. The early embarrassment for the Australian Government was due to lack of co-ordination between the various departments in the United Kingdom concerned with the shipping problem. “The constant Australian pleas for ships went beyond problems of wartime supply, concerning themselves with the much wider questions of disposal of Australian production. In them there was at times a note of panic. . . . Presently this attitude was to find expression in efforts, by way of chartering, purchasing and building,

to have ships under Australian control as a way of escape from British policy."

After eighteen months of war Australia was still far from a full-scale war economy, as such a concept came to be accepted later. From the outset the period was marked by three superficially contradictory trends in policy. In some fields (e.g. controls over prices and foreign exchange transactions) policies and instruments of control were derived from the 1914-18 war experience or were given a clear and decisive lead from Britain. In other fields (e.g. man-power and supply) policies and instruments had to be worked out without the aid of previous experience or with less sure guidance taken from Britain (although, to the reviewer's personal knowledge, the failure to apply certain lessons from British past and current experience in man-power control was due to a stubborn refusal in some quarters to admit the real relevancy of the lessons). In still other fields where past experience, leads from Britain and serious pre-war planning were entirely absent (e.g. shipping) there was drift and lack of any clear policy. The resultant picture of policy was jig-saw in appearance.

By the middle of 1941 the conviction that civilian consumption must be restricted by direct in addition to indirect methods so far adopted, was established. Limitation of resources was requiring the application of priorities and allocation within essential sections of production. Oversea procurement of essential goods for defence contracts led to independent competing procedures, though the trend of policy in the next six months was towards concentration of all orders through one agency. Although the American Lend-Lease Bill became law on 11th March, 1941, Australia did not begin to receive substantial Lend-Lease supplies until nearly a year later. "Once the limitation of resources was established as an indisputable fact, the problem of each section of the community, whether seeking raw materials or manufactured goods, was to establish 'priority.' The ensuing story becomes therefore one of changes in emphasis concurrent with changes in priority as directed by higher policy."

This was the main theme in the development of the war economy up to the eve of Pearl Harbour. The "immediate and terrifying" threat of full-scale war in the Pacific was soon to sweep away the barriers and to shatter the resistances and reservations to a total war economy. Yet, as Professor Butlin writes in his concluding paragraph, "the two years' breathing space, with its building up, despite all the mistakes and bickerings, of an industrial base and of an administrative machine, and all that is covered by the process of getting used to being at war, should not be forgotten or belittled."

Notes

Consolidation by Conference?

By I. M. Cumpton

At the end of last October, the Prime Minister of the Gold Coast wrote to the Chief Minister of Singapore proposing a meeting of representatives of all territories in the Commonwealth who were not enjoying political independence. Mr. Marshall replied that he was wholly in favour of the idea.

In February, the Chief Minister of the Federation of Malaya, Tunku Abdul Rahman, announced that he had called a conference of all Commonwealth dependencies progressing towards independence. The aim of this conference would be to help all such territories, including those in Africa, to achieve independence; and it would be held in Kuala Lumpur in May or June of this year.

These two proposals mark the first spontaneous moves toward association among the tropical areas of the Commonwealth. They mark also the continuing search for self-respect, the pursuit of status and stature, among Commonwealth territories. It is natural, however, to ask the reason for this new association of representatives of tropical territories, apart from the exhilaration of proximate Dominionship. There is a natural anxiety that such meetings should not impair the unity of the Commonwealth.

Hitherto there has been no manifestation of a sense of kinship between the inhabitants of the Gold Coast and Singapore or Malaya. Difficulties of travel and absence of commercial interchange have meant that in the past membership of the Commonwealth had little meaning so far as Afro-Asian contacts were concerned. Now there is a common stirring in restiveness under colonial rule, but this outdistancing of the past leads on to a search to identify the common interests of these countries once colonial status has gone. Release from the guardianship of the Colonial Office may see divergence along widely separated paths.

With the temperate Dominions, they inherit and will continue to share parliamentary and democratic forms of government, common legal practices and systems of administration, and freedom of the press. Community of religion has of course never prevailed; not all the countries with Dominion status share the Christian faith of Great Britain.

One may ask what will now evolve through multiplication of contacts between Africa and Asia. The first Afro-Asian diplomatic exchanges were made last year when the Bandoeng Conference—which Dr. Nkrumah attended as an observer—was summoned by the Indonesian Government.

The mood of this conference was resentful and militantly racial; and it is noteworthy that the initiative for the summoning of this strongly-attended gathering came from outside the Commonwealth.

Once, colonial delegates were able to air their grievances only in London; now the United Nations and such gatherings as the Bandoeng Conference provide more opportunities for reaching an ambitious and critical audience. The "colonial outlook" is one limited by the opportunity of contacts only with the mother country; obviously there is no overseas representation of the colonies at a diplomatic level, and no foreign policy apart from that of the senior partner. The "Dominion outlook" and capacity is acknowledged by a transfer of control of foreign policy and external relations into local hands, with the resultant diplomatic experience.

Decentralization of responsibility from the mother country to the Dominions was limited until about 1917 by the theoretical exclusion of the Dominions from the making of foreign and defence policy. This exclusion was largely effective. Then came participation in the war, representation in the Imperial War Cabinet, followed by the signature at once individual and collective of the Versailles Peace Treaty, and membership of the League of Nations. These developments gave to the Dominions the recognition they desired in international affairs.

In 1947 the addition of Asian members to the ranks of the Dominions introduced into the Commonwealth new problems, as well as enlarging the range of Commonwealth interests and knowledge. In these changed circumstances, the machinery of consultation has assumed a new importance. The system of conferences was one of those elements of coherence in the Commonwealth to which General Smuts held fast. The other two elements which he discerned as comprising the basis of association were the Crown—a bond which has become somewhat attenuated—and common values, common procedure and methods of approach, based on discussion and reasonableness.

Consultation and co-operation have become of increasing importance in the evolution of the association, and in the changing post-war setting the proposals from Accra and Kuala Lumpur are a new application of traditional methods. This spontaneous association of the African and Asian colonies on the threshold of Dominionship is in keeping with Commonwealth tradition.

The exercise of the attributes of sovereignty by the Dominions has been followed—at a rather leisurely pace until 1945—by the extension of External Affairs Departments and of representation in foreign capitals. Since 1945 this representation has been rapidly extended, and the Gold Coast—or Ghana as it will shortly become—has made ready to join in this extension with the establishment at Accra of a Foreign and Commonwealth Service of the Gold Coast. The proposed conferences may give the members of this Service their first opportunity for representing their country abroad.

It is not difficult to see the attraction of such conferences to the delegates: the enhancement of their prestige in the eyes of the local population, the excitement of foreign travel, the experience of conference procedure and general discussion, the value of contacts. If, however, the meetings are not to develop into grievance assemblies or secession sessions, one may well seek the common meeting ground for discussion. Will a conference of representatives from Commonwealth, African and Asian territories only re-affirm the resolutions of the Bandoeng Conference condemnatory of racialism? It would be a matter for regret if these forthcoming meetings proved to be no more than an outlet for resentment.

One current of thought in the Gold Coast flows strongly in the direction of thinking that, if the Commonwealth link is to be of real significance, it must imply the possibility of bringing pressure to bear on the internal policies of other members. The attitude of South Africa in racial matters is the principal inspiration for this view, which strongly favours some constitutional means of bringing a "common conscience" to bear effectively on these policies. It is difficult at first sight, however, to see how much can be done on these lines at the forthcoming conferences apart from the ventilation of criticisms and the passing of Bandoeng-type resolutions. From the point of view of future conferences elsewhere, however, particularly in London, the representatives of the Gold Coast may be fortified in their attitude by the assurance of support from other states in sight of independence.

The Bandoeng Conference brought together representatives of the non-white peoples of the world. A conference at Accra or Kuala Lumpur or Singapore might provide a new focus of assembly for tropical or sub-tropical members of the Commonwealth. Until the addition of Asian members to Dominion ranks, climatic segregation of the Commonwealth prevailed: a tropical colonial band lay between two temperate or Dominion strata. The principal development in the direction of breaking down this climatic barrier was the uniting of efforts from both temperate and tropical regions in the Colombo Plan; this applied in an international field the practical purposefulness which led in the colonial field to the Colonial Development and Welfare Acts.

Economic circumstances have much weight in the attitude of the Gold Coast to international society. The people of the Gold Coast are very conscious of their status as an emergent African nation. They are anxious to graduate from an underdeveloped into a more developed country, and they recognize that their country will be politically unstable and socially backward if living standards are not improved. They want to remain within the Commonwealth—any general opposition to this idea is absent; and through the Commonwealth connexion and friendship with other countries, develop their resources and raise living standards. Peace and development are two points in Gold Coast foreign policy to which her

leaders give as much weight as non-involvement in quarrels and alliance with stronger nations.

It is possible that the new Accra-Singapore alignment might assist economic development through the conjunction which it represents of wide professional and technical experience of tropical problems. This is the first occasion on which the leaders of tropical Commonwealth countries will come together in a position for independent discussion of policy. Their greatest achievement might be in economic and humanitarian fields. The proposed meetings might be of most value if exchanges of information on tropical problems could take place on a professional and technical level. The older Indo-Pacific Dominions, which already have in mind the bearing of the proposed meetings on regional groupings for defence, would have much to give and much to learn in the fields of development and welfare, of public health and tropical medicine, of problems in pastoral and agricultural fields.

Commonwealth membership has hitherto meant a political, constitutional, legal and administrative kinship and a liberal way of life. Might it not presently come to mean, partly through the agency of these new assemblies—possibly through a Tropical Charter—a common standard of living and of education? Such a common standard would surely be one of the most valuable achievements possible from the united efforts of the Commonwealth within its member countries.

How Wicked Were the Nazis?

By Derek Van Abbé

It has become a favourite habit of certain sections of the Press to make headlines about the doings of anyone who held a prominent position under Hitler and even to announce the visit to America of officers of the new Federal *Streitkreefte* as a visitation of burly, heel-clicking Nazis. Since the NATO powers have agreed to re-arm Western Germany—much against the will of much, if not most, of the local population—it is, to say the least, odd to undermine the Germans' *Wehrwillen* (fighting spirit!), not to speak of our own, in this fashion.

On the other side of the fence you find an almost equally odd phenomenon when a reputable historian like Hugh Trevor-Roper writes an article in which he states that the Prussian spirit has been over-blamed (by the Left, he says) for Nazism which was, according to him, a vulgar Bavarian outbreak of rowdyism. This is the Anglo-Saxon version of the widespread German phenomenon of "Naturally, being an officer, I was a member of the resistance movement," which is so often to be heard in present-day Germany.

Where does the truth lie between these two poles? It is too early to decide ultimately. But certain things can obviously be re-stated—the fact that they have all been said before does not seem to have altered popular mythologies.

Nazism was no doubt a Bavarian foolishness to begin with. But it was merely one type of right-wing radicalism amongst many in the thoroughly demoralized Germany of 1918-19. The Imperial Army did not demobilize after the Armistice; it dissolved. Most of the soldiers "voted with their feet" and melted away back home. But a solid core of professional officers and N.C.O.s remained behind. Partly out of nationalism and partly because they knew no other trade but war, they stayed in the barracks. And these were the men who had to be called out as "forces of Law and Order" when the Ebert-Noske government lost its head. When the Allies tried to insist on the official demobilization of the real *Reichswehr* many of these fighting bands went underground; for a good five years the "Black" *Reichswehr* was a scourge. In the East it exploited its temporary value in the crusade against the Bolsheviks to try to play politics *vis-à-vis* Baltic and Polish nationalism and had to be restrained by the combined forces of blockade and strong diplomatic pressure.

So strong was the team-spirit of these bands that even after dissolution many of their members stayed together as anti-Weimar Republican conspirators. It was members from these strong-arm troupes who shot Rathenau and Erzberger and tried to murder Scheidemann—on a less exalted level their murderous behaviour is said to have cost the lives of thousands of innocent men trying to establish some democratic order in the chaos of collapsed Imperial Germany.

After 1923 the Stresemann regime, aided by American loans, began to settle the country down. The ex-members of the *Freikorps* (the military gangs) and the *Black Reichswehr* found themselves overtaken by a resurgence of prosperity which made people lose interest in their unsavoury proceedings. The Nazi Putsch of 1923 in Munich is rather an interesting example of the shadowy border-land between para-military conspiracy and plain thuggery. It is too often forgotten also that even in 1923 there marched, side by side with Hitler, the ex-General Ludendorff, a fine specimen of a Prussian, and the ex-air ace, Hermann Goering, an equally "typical" wartime version of the military spirit.

Even in 1923, that is, the crazy "Bavarian" vapourings of (the Austrian) Adolf Hitler and his Munich lunatic fringe were taken seriously by demobilised and demoralised Prussian military adventurers. This was to be a pattern. The military gangs went underground. Many fell away from them and took up honest pursuits. But some remained and there is a solid thread of continuity between members of the *Freikorps* and the higher administration of Hitler's Reich. It is amusing but also bitter to read in an attempted self-justification like Ernst von Salomon's *The Answers* how the stiff-necked naval officers who had formed Captain Ehrhard's notorious *Organisation Consul* now seek to gain sympathy because they decided to white-ant the embryonic S.S., and were double-crossed by the cunning Bavarian elementary-schoolteacher, Heinrich Himmler.

In fact, there is a considerable element of sour grapes about the present-day attitude of former German conservatives to Nazism. There can be no doubt that it was conservative leaders like Papen and General von Schleicher who thought—like Ludendorff in 1923—that the stupid little Austrian corporal would be a willing tool. Nazism was, for the "Prussians," a thirteenth-hour weapon. They had exhausted all means short of war in trying to keep their hold on the democratic government of Germany. A military dictatorship would not have lasted three weeks—above all, in view of the known anti-Prussian bias of the Southern states, especially Bavaria. So Hitler was brought in a forlorn hope, a "Bavarian" smokescreen behind which the "Prussian" military hegemony was to be maintained.

A case can be made out for legitimate support of the German Army's attitude in 1933. Since the Allies undoubtedly exploited the demagogic appeal of President Wilson in order to pursue vested interests of their own, it can be argued that Germany was tricked into making peace on more unfavourable terms than might otherwise have been achievable. Such

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controversies—like the contemporary campaign around the value or otherwise of “unconditional surrender”—have no objective answers but innumerable partisan solutions. In the light of the deplorable public-relations failure of the Weimar Republic’s governments—at no stage did they make serious propaganda efforts to sell Democracy to the mass of the German people (it is doubtful if they could themselves have given one single agreed definition)—the field was wide open for conservative theoreticians to preach the values of “Prussianism” and militarism to the young and disillusioned.

What happened between 1933 and 1941 in Germany was not merely the Nazi consolidation of their state power. Millions of Germans acquiesced in Nazi policies because they seemed to be revolutionising the country. Young men who had drunk the diluted Weimarian brand of Social-Democratic Marxism thought that the S.A. and the S.S. were preparing to supplant the Junker-ridden military power of the old Germany; conservative officer types thought that Hitler was useful in that he had given them back their jobs, Germany back its international prestige—and the Army back its chance to oust the plebeian political rulers of Germany whenever they pleased.

The cool foreign diplomatic reception of Colonel-General Beck’s military putschist plans was the first stage in the disillusioning of the officer corps. Once again what Lenin called the “uneven development of capitalism” tripped up the “capitalists” themselves. Blinded by their 1914 hatred of the Junkers and too terrified of Russia to envisage once more a faction-ridden Germany, the “Cliveden set,” Chamberlain at their head, refused to countenance the removal of Hitler by the officers’ conspiracy. In many ways this was the decisive moment in the 20th century. A 1938 Germany freed from Hitler and ruled by efficient Prussian bureaucrats like Goerdeler, von Hassell and Beck would have possibly been in a position to win the Russian War which the Nazis frivolously lost. They would scarcely have wasted Western resources on the internecine campaigns of 1939-41.

Can anyone throw stones after that? I would only venture to say that the subsequent story of the War gives no one, least of all the German officer corps, the right to a shred of self-satisfaction. Certainly, Trevor-Roper is wrong: the Nazi beast was maybe of Bavarian breeding but its backers, trainers and jockeys were Prussians and conservatives. But the section of opinion which damns all Germans as Nazis is doubly wrong too: not all Germans *were* Nazis, in fact, and even of those who actually helped Hitler, it is not possible to deny that some acted from conspicuously high motives. Should they bear the full responsibility for the shadow of the swastika?

Speech by A. J. Mikoyan

One of three newly-appointed Senior Deputy Premiers of U.S.S.R., at 20th Communist Party Congress in Moscow. *Pravda*, 18th February, 1956.¹

By L. A. Owen

Mikoyan commenced his speech to the Congress by remarking that collective leadership had been established after a long interval. In a brief space of time—three years—Leninist norms of party life had been completely restored.

For almost twenty years they had had no collective leadership (he declared), while the cult of personality had flourished despite its condemnation by Marx and Lenin. This situation could not fail to exert an extremely negative influence on the position in the Party and on Party activity. The Party now had new strength.

Touching the economic state of the Soviet Union, Mikoyan pointed out that their chief concern had been over the elimination of backwardness in agriculture, the removal of the disproportion between the development of agriculture and industry—a disproportion most ominous for the U.S.S.R. and a serious obstacle to progress. A change had been effected by the raising of the material interest of the collective farmers and the bringing of wastelands under the plough.

There was a further disproportion between supply and demand in the Soviet Union. Demand (thought Mikoyan) should be in advance of supply in a socialist state.

Soviet stores and restaurants were (he said) poor compared with those in U.S.A.

He advocated that the arms race be changed to a race for a better standard of living.

1. *Pravda*, 18th Feb., 1956 g. XX S'ezd Kommunisticheskoy Partii Sovetskovo Soyuz. Preniya po otchetnomu dokladu. Rech A. J. Mikoyana. *Pravda*, 18th Feb., 1956, XX Congress of Communist Party of Soviet Union. Debates on Secretarial Reports. A. J. Mikoyan's Speech.

A. J. Mikoyan, variously described as an Armenians-Georgian, or simply an Armenian, from the Caucasus region, is one of the principal figures of the post-Stalin "Collective Leadership." He has been successively Minister for Food and Trade, and, even in the 1930 period, was regarded, with Stalin, as one of the five prominent leaders of the Party. Ambassador Joseph Davis, Franklin Roosevelt's appointee in Moscow, described Mikoyan as "a strong type . . . swarthy, with a prominent nose, high cheekbones, a strong chin, as quick as a rapier (Feb., 1937, *Mission to Moscow*). . . . One of the aggressive and able men of the younger generation" (June, 1938). He has travelled in U.S.A., accompanied Khrushchev and Bulganin to Peking, arranged the new Soviet-Yugoslav Trade Agreement, and since the Party Congress has been visiting Asia, including Pakistan and India.

As to foreign policy, he considered that it was a good thing that negotiations were conducted in quiet tones and without abuse. Past mistakes, such as the quarrel with Yugoslavia, had been corrected. Soviet military bases in Finland and China had been given up. The policy of mixed companies in the countries of the popular democracies like Hungary had been abandoned. Ossified forms of diplomacy had been scrapped. The state of isolation from the foreign world had been ended. Foreign contacts were now encouraged. Soviet leaders realised that foreign opinion took this obligation as a sign of weakness.

No international problem (he declared) could be discussed without Soviet participation. He reminded his audience that the Soviet bloc of countries now included 1,000,000,000 people.

By tying themselves hand and foot with prohibitionists against trade with China, Western countries would be in no position to help in the industrialisation of that region, an economic fact which could preserve them from what he called "the inevitable crisis ahead."

Peaceful coexistence would be impossible without trade. Trade between the two world blocs would be aided by the necessity for the rational division of labour between peoples.

A brief excursion into the Civil War Period of Russian history (1917-20) made him call to mind the Soviet leader, Lenin's, offer to foreign capitalists to assist in the organisation of undertakings of state capitalist type.

He alluded to what he called the "inevitability of wars under imperialist capitalism," asking whether war could be avoided. He considered that "a fatal inevitability of war" did not exist.

He referred to the position of his own country and that of China and India and to the political position in France and Italy. He then drew attention to the atom and hydrogen bombs. "Today," he said, "America can be attacked. Her immunity has gone." Until U.S.A. agreed to disarm, the U.S.S.R. must maintain its armaments at the highest level.

He put forward the view that Communism did not need war. The need to build Communism in the Soviet Union and raise the people's standard of living would restrain ideas of war in his country.

"War can only delay our economic development as it did in World War II."

As to what he termed "ideological work," part of the blame for unsatisfactory work must lie on circumstances created for scientific and ideological work in a number of earlier years. (This would appear to be a reference to the Stalinist era.) "Unfortunately (he went on), for the last fifteen or twenty years, Leninist ideas have been hardly applied to the understanding and explanation of the phenomena of the internal life of our country or the international position." (This period, one might note, could include both the pre-war purges and the war itself.)

He agreed that in recent years a certain growth of industrial production had taken place in capitalist countries. Yet he maintained that contradictions of capitalistic production had sharpened. He thought capitalism was weakening as its respective share of trade in the world economy declined. He suggested that Marxism-Leninism opposed the idea of the complete stagnation of capitalism. Mikoyan therefore attacked a statement in Stalin's last official academic pronouncement, *Economic Problems of Socialism in the U.S.S.R.* (written in 1951). The statement that he challenged was that "the volume of production in U.S.A., England and France must contract after the world market split in two." Mikoyan declared that he could not see that this view harmonised with "the complicated and contradictory phenomena of contemporary capitalism and the fact of the growth of capitalist production in many countries after the war."

Some other statements in the same work of Stalin needed "deep study and critical review from the point of view of Marxism-Leninism."

Mikoyan thought Soviet scholars were "seriously retrograde" in studying contemporary capitalism. They needed "deep investigation of facts and figures."

Thereupon he attacked Soviet economists as being superficial in their studies and making no serious analyses and conclusions. They avoided observations on the peculiarities of the development of foreign countries. "Who among us is occupied in a serious research of these questions?" The pre-war Institute of World Economics and World Politics had been abolished. The Economic Institute of the Academy of Sciences could not cope with the thorough study of the economies of socialist and capitalist countries.

He scoffed at the Academy of Sciences' Institute for the study of Eastern Questions which it would require (he thought) almost an Eastern earthquake to arouse from slumber.

Why had the Moscow Institute of Eastern Studies been abolished after flourishing for 139 years, especially now when Soviet relations were increasing with the East, economically, politically and culturally?

Compare (added Mikoyan) the position in U.S.A. where there are more than fifteen scientific institutions studying the Soviet economy. "Vast numbers of (American) economists are engaged in checking materials in the study of the economic development of the Soviet Union."

He then drew attention to statistics, the importance of which he stressed. Yet "statistics are out of reach of our economists. That is why there is no creative work among them."

Propaganda work was inadequate. Why? Because the only Party book was the *Short Course of the History of the Communist Party*. That volume did not cover the last twenty years.

Mikoyan then attacked the Soviet historians for not studying deeply the Soviet period. Let them do research in the archives and not simply in

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newspaper files. They would then throw light on many facts and circumstances set out in the *Short Course*. (This would seem to be an attack on the Stalinist School of History as it emerged in 1934 after the collapse of Pokrovsky régime.)

For almost forty years after October, 1917 (complained Mikoyan), there had been no Party textbook on the October Revolution and the Soviet State to reveal, not just the façade, but "the many-sided life of the Soviet Homeland."

Scientific work in the realm of history was the most backward part of the ideological side. Some people, as in Party histories of the Caucasus, were exaggerated in significance, others not even mentioned. Some second-rate facts were raised in importance, others diminished. The pre-revolutionary Leninist Central Committee was reduced in importance.

There were no actual Marxist works on the Civil War. Those issued had no scientific value or contained inaccuracies. Some were even harmful.

Complicated and contradictory circumstances of the Civil War were explained as due to the allegedly traitorous actions of various Party leaders of the time "who, many years later, after the events described, were incorrectly proclaimed enemies of the people."

Mikoyan thought the Party philosophers were in no better case.

As to lawyers, Mikoyan considered that the recent period had aroused anxiety about law in the Central Committee of the Party. The Committee had considered it necessary forthwith to interfere in the matter to affirm in all its fullness Leninist Socialist legality.

In conclusion, it may be noted that Mikoyan affirmed that most Soviet theoreticians were occupied in the repetition and rehashing of old quotations, formulæ and statements.

What is science (he asked) without creativeness? Let them study new facts of Soviet activity, new circumstances and phenomena in the economics and the social development of the U.S.S.R. and abroad. Let there be no more remoteness from life.

Reviews

"JINNAH: CREATOR OF PAKISTAN," by Hector Bolitho. John Murray, London, 1954. Pp. x and 244, illus.

Little more than a generation ago, political scientists and historians accepted as an established axiom the view that nationalism was essentially a Western European, or at least a European, phenomenon. The 'age of nationalism' appeared to have little impact on either Asia or Africa: Japan was, after all, a Westernised Asian country adapting European institutions and concepts to fit her for membership of civilised international society. The Indian National Congress, founded by Englishmen and Western-trained Indians, did not appear to modify the general axiom. The variety of ethnic groups and the multiplicity of tongues—estimated at one stage at 222—appeared to provide a sufficiently potent argument against the possibility of creating a national state in the sub-continent of India.

The striking change during the last quarter of a century has been the complete confounding of the earlier pundits of nationalism. Nationalism today has become the most striking characteristic of the Asian revolution. It has assumed forms rather different from those of Western Europe, but the differences are often differences of degree rather than of kind. The fascinating thing has been the speed with which the new wine was poured into new vessels, the manner in which the emotional pressures have been engendered and built up by the skilful use of all the media of mass communication and propaganda. New nations have been in a sense the creation of a small handful of intellectuals, of men like Jinnah, Gandhi and Nehru.

Mr. Bolitho's biography of Jinnah is at once a portrait of the man and a study of the creation of the new nation of Pakistan: this is implicit in his sub-title. As a biographer, Mr. Bolitho is handicapped in dealing with the early career of Jinnah. Written source material is fragmentary (even as late as 1915) and oral tradition has become increasingly unreliable: gossip and legend have mushroomed, perhaps as a necessary accompaniment of the new nationalist myths that Jinnah himself has helped to create. In analysing the somewhat sketchy material Mr. Bolitho is sometimes driven to the use of coincidence to heighten the drama of which he is unduly fond. His style becomes florid and romantic in dealing with an austere figure who scorned romanticism.

Jinnah was a brilliant advocate, "the youngest Indian student ever to be called to the Bar." Although imbued with Morley's liberalism, he did not enter politics until 1906, at the age of 30. It is significant that his early political affiliations were with the Indian National Congress rather than the Muslim League. He then shared with Gandhi and Nehru a belief in the inherent unity of India. He was an ambassador of Hindu-Muslim

co-operation who, on joining the Muslim League in 1913, insisted "that loyalty to the Muslim League and the Muslim interest would in no way and at no time imply even the shadow of disloyalty to the larger national cause to which his life was dedicated."

The broad unity of objectives between Congress and the Muslim League was registered by the Lucknow Pact of 1915. The growing ascendancy of the left wing in Congress and the resort to violence led Jinnah to resign from the Home Rule League. His legal training gave him an abhorrence of revolutionary techniques. His instinctive dislike of Gandhi's mental processes was strengthened by the growing Hindu predominance in Congress and by Motilal Nehru's Report which appeared to endanger the interests of the Muslim minority. Jinnah became disillusioned with politics, and after serving on the Central Legislative Assembly for several years, returned to England in 1930. He remained in exile until 1935.

Jinnah came into his own as a political leader when he was almost sixty. The Round Table Conference convinced him that "in the face of danger, the Hindu sentiment, the Hindu mind, the Hindu attitude" provided no hope of unity. Under pressure from Muslim leaders like Liaquat Ali Khan, Jinnah returned to India and offered to "work as equal partners" with Nehru. Congress's rejection of collaboration on these terms turned the Muslim League to a consideration of partition. Mr. Bolitho's discussion of the genesis of the Pakistan concept is over-simplified. Sir Muhammed Iqbal merely envisaged a consolidated Muslim State within the framework of an all-India federation. It was left to a group of Indian intellectuals at Cambridge in 1933 to demand the creation of a separate national state of Pakistan. Jinnah and the Muslim League moved slowly towards this objective. It was the sweeping Congress victory at the 1937 elections and the refusal of Congress ministers in the provinces to recognise Muslim rights that led finally to the formal adoption of the "two nation" theory at the Lahore Congress in 1940.

Negotiations for the transfer of power by Great Britain during the War repeatedly broke down partly because of the reluctance of Nehru and Congress to accept what Nehru regarded as the "vivisection" of India, partly because of the increasing consolidation of Muslim opinion behind the "two nation" concept. Jinnah's appeal was to the educated Muslims rather than to the masses, but ordinary people clearly understood the sabre-rattling tactics to which Jinnah frequently resorted in his discussions with Indian leaders. The admission of Muslims to the interim government in 1946-7 in no way qualified Jinnah's demands, and in 1947 bitter communal riots hastened the process of partition. The slicing of Bengal and the Punjab became a necessity, and partition was effected with Lord Mountbatten as a mid-wife unsympathetic to Muslim claims. On 14th August, 1947, Jinnah became Governor-General of the new Pakistan. He still proclaimed his doctrine of religious equality and toleration. "I trample under my feet all distinction of caste, colour and nationality."

By every standard, Jinnah's achievement was an astonishing one. As Quaid-i-Azam, the Great Leader, he lacked many of the personal qualities that would endear a national leader to his people. The picture which emerges from Mr. Bolitho's study is in many ways a forbidding one. A Western-educated intellectual, he had the lawyer's love of logic, of meticulous order, and yet at the same time little sense of the past: he read little history but avidly devoured the daily press. His outstanding intellect was accompanied by a mental arrogance and an inability to mix easily. Lord Mountbatten's comment was typical: "My God, he was cold! It took most of the interview to unfreeze him." Jinnah was always a solitary man with few intimate friends and little capacity for unbending.

How then can one account for the fact that Jinnah has already become part of a national legend, and that he erected a new national state? Behind the handsome but icy exterior lay a tremendous fanaticism and willpower. Mr. Bolitho suggests that from early youth he adopted as his motto "failure is unknown to me." Eminence in the law and in politics was his passion. As a champion of Muslim rights, he drove relentlessly and logically to his goal. His means varied but the goal remained constant. "Jinnah was power": he was the Muslim League. He was a "cold rationalist in politics; a man with a one-track mind, but with great force behind it." Jinnah himself confessed that "If I hadn't been a fanatic, there would never have been a Pakistan." His rôle was that of winning the intellectuals by his incorruptability and his singleness of purpose. Liaquat Ali Khan and his followers built up the legend of leadership and created a myth of the man. The masses respected him as their champion and mourned him in death as the liberator of Muslims: they rarely felt deep affection for him.

Mr. Bolitho has written an interesting popular biography based in large part on the personal reminiscences of Jinnah's friends and associates. Often chatty and intimate, it has some of the apparatus of scholarship. Mr. Bolitho has read assiduously but spasmodically: there are odd gaps in the historical background. He rarely cites authorities and then with a maddening omission of adequate references. If he feels that he must make concessions to the general reader, then he should go the whole way and not give the illusion of exact scholarship. Finally, his prose never matches the astringency of Jinnah's precise and cold mind.

NORMAN HARPER.

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"WANTED: AN ASIAN POLICY," by Edwin O. Reischauer.

New York: Knopf, 1955. Pp. 256.

This is at once a gloomy and refreshing book—gloomy in its prevailing fear that "communism may have a decided edge over democracy throughout Asia" (p. 170); refreshing in that the basic requirements of the policy it advocates are the wholesome qualities of humility, patience and hard thinking. It is, moreover, an important book, for although it contains little that is new, much of what Dr. Reischauer says has rarely been expressed better and has not been said often enough.

Its argument may be summarized as follows: If world war were now to occur, the alliance of the nations of Asia with either side would not prove decisive. United States post-war policy in Asia has, however, been directed towards securing such an alliance. Unfortunately, such is the nature of Asian nationalism, that this policy makes more likely the ultimate adhesion of these nations to the communist world. Since Asia's industrial and military potential will greatly increase with time, this would be catastrophic for American security.

Dr. Reischauer sees the impact of the West—or rather of the machine—as producing in Asia a universal and urgent demand for equality with Europe in status and power and for industrialization. This being the overruling objective of Asian peoples, they can judge democracy and communism only in terms of their suitability as means of achieving this. Thus they are quite unable to view the Cold War through American eyes.

Dr. Reischauer enumerates many factors which militate against the success of democracy in Asia. Chief among them are low standards of living, illiteracy, and cultural diversity. Also democratic governments will be confronted by the very difficult problem of retaining popular support in an atmosphere in which the economic demands of the electorates will continue to exceed the physical capacity of governments to satisfy them. Communism, for its part, is less fearsome than to the West. Authoritarianism accords with Asian tradition and is unavoidable where illiteracy is widespread. Nor is a philosophy based on hatred of capitalism unacceptable in communities where capitalism and European imperialism are regarded as synonymous.

What then can be done to make the adoption or success of democracy more likely? Dr. Reischauer argues that while economic aid should be expanded, it cannot of itself be decisive. To him the real effort must be made in the war of ideas. What is required is an impartial public opinion in the United States informed by fearless and experienced observers. The West should make available to Asia a much greater number of skilled and liberal experts willing and able to suggest workable democratic solutions for the overall and specific problems confronting Asian governments. If some of these solutions should in American eyes appear socialistic, it is better to help produce Attlees than by default to assist the rise of Stalins.

As a historian Dr. Reischauer is too experienced in the complexities of human relations to see his theories as providing simple answers for all current problems. His general theme is that it is futile to support regimes that lack popular support, and his principal criticisms of United States policy are on this point. Yet he does not advocate the surrender of Formosa to Peking—presumably because this would be a betrayal of an ally and because it would not necessarily be to the advantage of the Formosans. It is, however, hard to see much chance of his hoped-for breach between China and Russia while Chinese nationalism remains unsatisfied on this point. Nor does he tell us what to do in Thailand. In fairness to the policies he attacks, it occurs to this reviewer that it is doubtful whether United States administrations have consciously supported unrepresentative governments. Rather their error has been to realize that a regime has lost support only when it is on the point of being overthrown. Dr. Reischauer's demonstration that in Asia communism will not necessarily lack effective popular support should make a repetition of such mistakes less likely.

As regards his historical analysis, it is doubtful whether it is profitable to make such a point of the machine as the ultimate cause of nationalism. This does not tell us much about the end-product, which is, after all, what we are most interested in. More informative are his less general interpretations of nationalism—that the original reaction against the West was in Japan against a naval threat, in China against the economic consequences of the Treaties, while in India the national movement began in the grievances of Western-educated clerks.

These criticisms, however, are incidentals. The book is a stimulating and important work. Particularly valuable are the apt illustrations of the arguments drawn from the author's wide and deep knowledge of Asian history.

To the reviewer as an Australian, the book drives home the magnitude of Australia's security problem. In a possible world war of the near future, although a hostile Asia might not present a formidable threat to America, it would nevertheless gravely endanger Australia. Hence Australia's very reasonable enthusiasm for SEACDT. The existence of such treaties, however, according to Dr. Reischauer's thesis, makes more likely the ultimate triumph of communism in Asia—no less a disaster to Australia than to the United States.

D. C. S. SISSONS.

